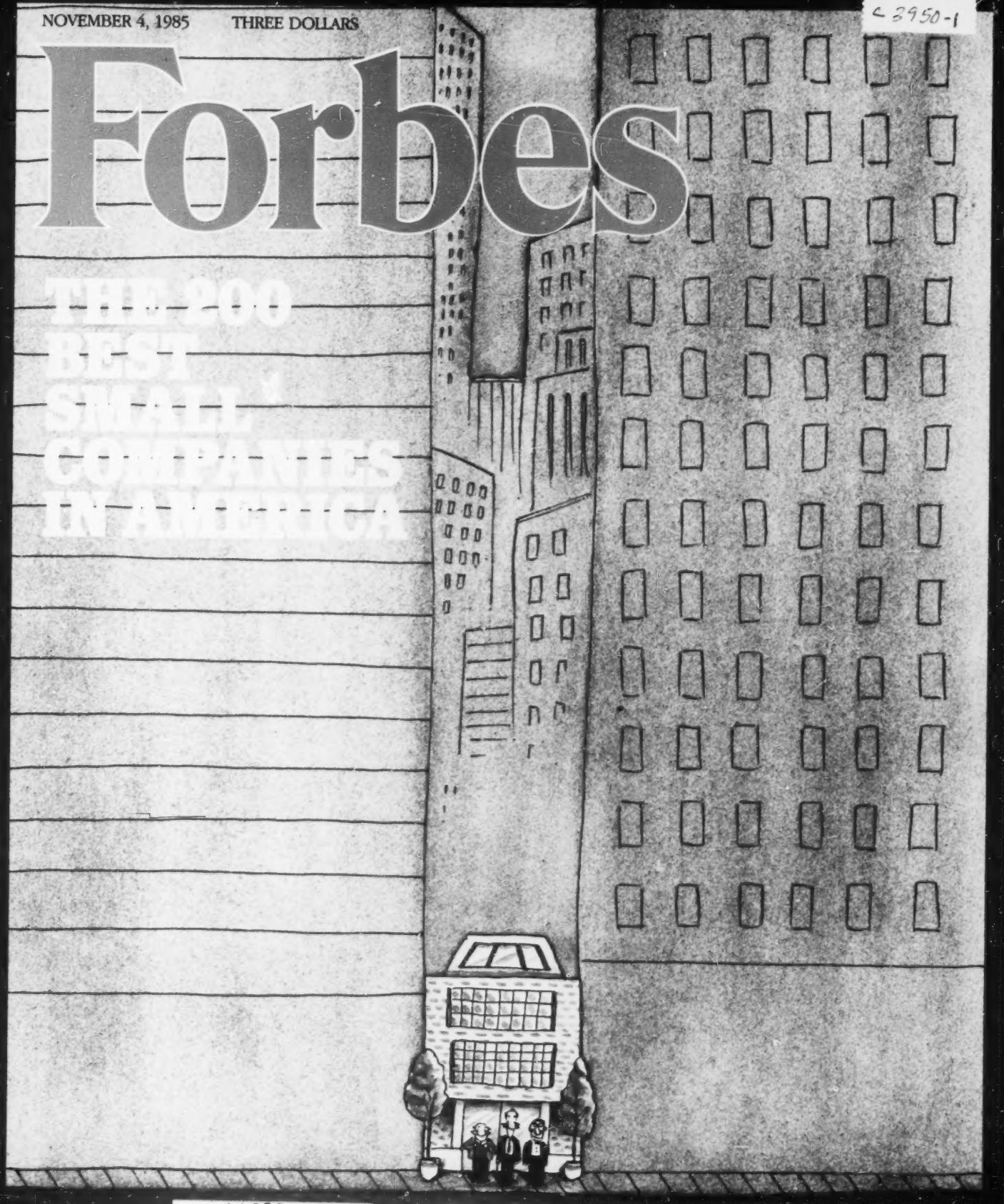
C 3950-1

NOVEMBER 4, 1985 THREE DOLLARS

Forbes

THE 200 BEST SMALL COMPANIES IN AMERICA

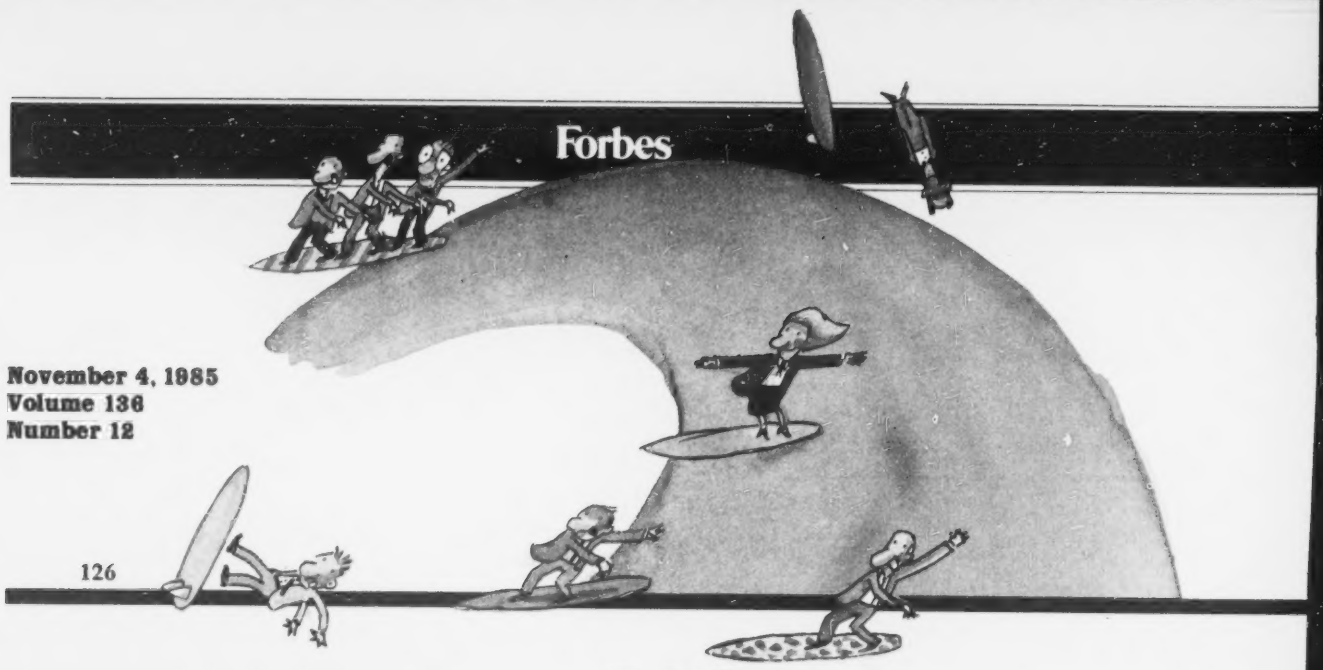


0 74820 08317

********** CAR-RT SORT ** CRO2
T2910378 S2 22 0005
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
520 EASTWEST HWY
THESDA MD 20814

Forbes

November 4, 1985
Volume 136
Number 12



126

The editorial index of companies referred to in this issue is on pages 280 and 281.

Companies

38 The Computer Slump—1. IBM Corp.
Is the computer slump so serious that IBM will henceforth behave like any cyclical industrial? Don't believe it. If it meets its growth goals, IBM sales will approach $100 billion by the turn of the decade.

41 The Computer Slump—2. Burroughs Corp.
Burroughs still brings a lot to the game, but it must get bigger if it is to remain a major player.

42 The Computer Slump—3. Hewlett-Packard
Can the exceptional enterprise that brought Hewlett-Packard so far survive a heavy dose of centralization?

48 Turner Broadcasting System
No kidding, Ted Turner really needs MGM's film library.

50 Bowery Savings Bank
How Bowery was "given away" by the FDIC.

54 L.S. Starrett Co.
Even century-old ways of doing business can still work.

60 Triangle Industries
Outrageous is one word for this leveraged buyout.

99 McDonnell Douglas Corp.
Just about everyone advised Sandy McDonnell to get out of the commercial market. Luckily, he didn't listen.

104 Braniff, Inc.
Owning 69% of a moneylosing airline is not the Pritzkers' idea of a good time. Here's what they did.

110 Giant Food Inc.
At 72, Chairman Izzy Cohen has only just begun.

111 Hubbard Broadcasting
Stanley Hubbard aims to network around the networks.

126 Cover Story: The Up & Comers
The 200 Best Small Companies In America
Staying on top is at least as tough as getting there. Here, nominations for the best small companies in the U.S.

163 Federal Express Corp.
Why Federal Express is taking a big risk with ZapMail.

170 Deere & Co.
What do you do when it all falls apart, and it wasn't your fault? If you are John Deere, you tough it out.

188 PHH Group, Inc.
How's this for a way to build a $2.2 billion (assets) company? Offer a service that costs "less than nothing."

203 Valley National Corp.
Arizona's biggest bank hangs tough, for now.

208 Bandag, Inc.
A successful multinational in tires? And in Iowa?

Industries

112 College Football: After Deregulation
The football powerhouses are learning, the hard way, what competition can do to profits.

Departments

6 Side Lines
8 Trends
14 Follow-Through
18 Readers Say
25 Fact and Comment
28 Other Comments
31 Fact and Comment II
283 Flashbacks
284 Thoughts

Money & Investments

33 What's Ahead For Business
34 The Forbes Index
251 The Forbes/Wilshire 5000 Review

Columnists

263 Ben Weberman
264 Susan Lee
266 Ann C. Brown
268 Kenneth L. Fisher
272 Srully Blotnick
274 Ashby Bladen
276 Stanley W. Angrist

38

188

123 **Brokerage: Squeeze Play**
An end to the near monopoly in blind brokering.

158 **Automotive: Upmobiles**
Why Europe's luxury carmakers are expanding capacity.

160 **Real Estate: Everything But The Squeal**
How to play real estate the way meatpackers play a hog.

184 **Trucking: Turning Point?**
A court decision that may set a dangerous precedent.

193 **Mortgage Lending**
A classic case of good intentions gone astray.

Investing

118 **Restricted Stock, Anyone?**
If you're wondering why your little technology stock is under water, read this article.

254 **Statistical Spotlight**
Are the Dow Jones industrials cheap or overpriced?

256 **The Funds**
Why some sharp managers are sitting on their cash.

278 **Streetwalker**
Continental Illinois; Phillips-Van Heusen; Bristol-Myers; DeKalb AgResearch; Quaker State Oil Refining.

On The Docket

66 **Takeover Tactics**
Can the SEC tell the courts what to do?

70 **And More Tactics**
When do open-market purchases become a tender offer?

Numbers Game

73 **Management Fraud**
If accountants are to be held liable for not finding management fraud, shouldn't they look for it more closely?

Taxing Matters

95 **The Real Tab**
You're not supposed to deduct the full price of a charitable dinner. But who's to stop you?

Marketing

214 **Name That Brand!**
Madison Avenue is latching on to popular music to sell everything from cars to canned goods. Also: marketing contraceptives; gambling casinos.

Technology

220 **Not Made In The U.S.A.**
Why is a hot new carburetor invented here being manufactured in Sweden? Also: genetic mutation; giving robots a sense of touch; antitheft devices for cars.

Personal Affairs

230 **Solar-Powered Tax Returns**
Time is running out if you want Uncle to help pay for your new sun room. Also: credit card incentive schemes.

Careers

236 **Test Anxiety**
In its most virulent form, it can paralyze. How to cope.

Faces Behind the Figures

242 **Joe B. Cordell,** *Jim Walter Corp.*
242 **Dean Thornton,** *Boeing Commercial Airplane Co.*
243 **Shep Gordon,** *Island Alive*
243 **John Cox,** *Blinder, Robinson & Co.*
246 **Dennis Hedlund and Pearl Lee,** *Kultur Int'l Films*
246 **Mylle Bell,** *BellSouth International*
248 **Terrence Valeski,** *INTV*
248 **Warren Avis,** *entrepreneur*
249 **Sonny Grosso,** *Grosso-Jacobsen*

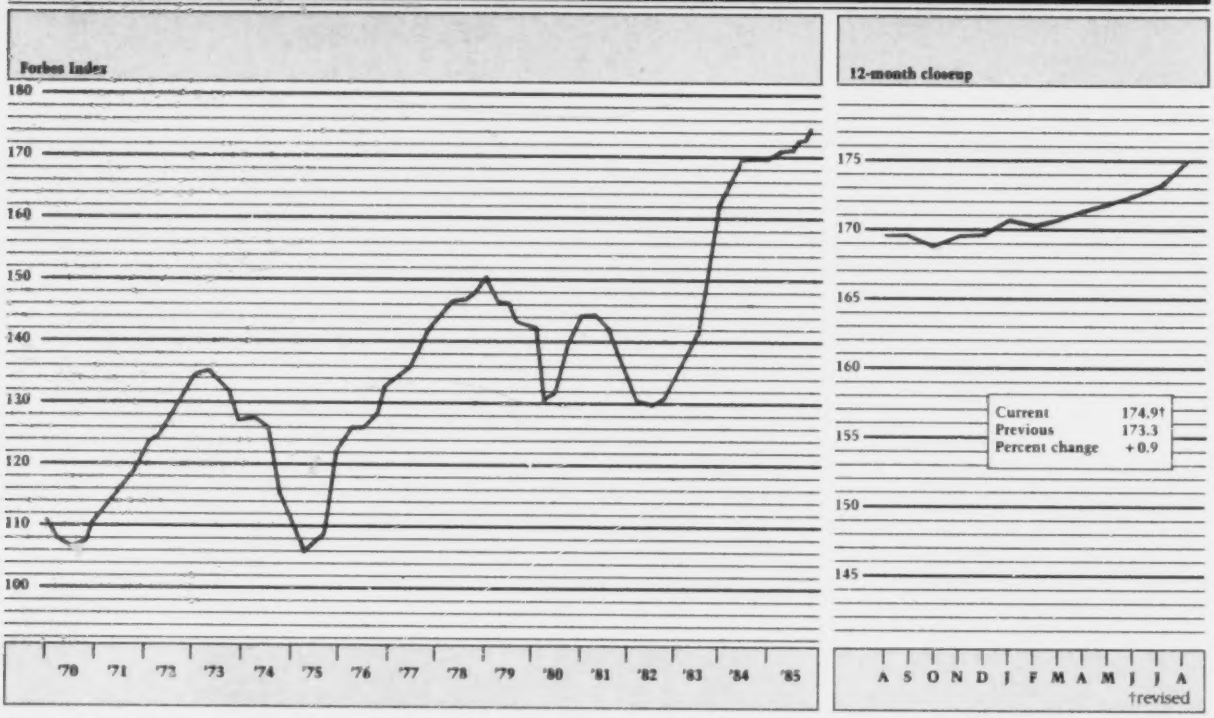
November 4, 1985 Volume 136 Number 12 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1985 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Patrick McDonnell

The Forbes Index

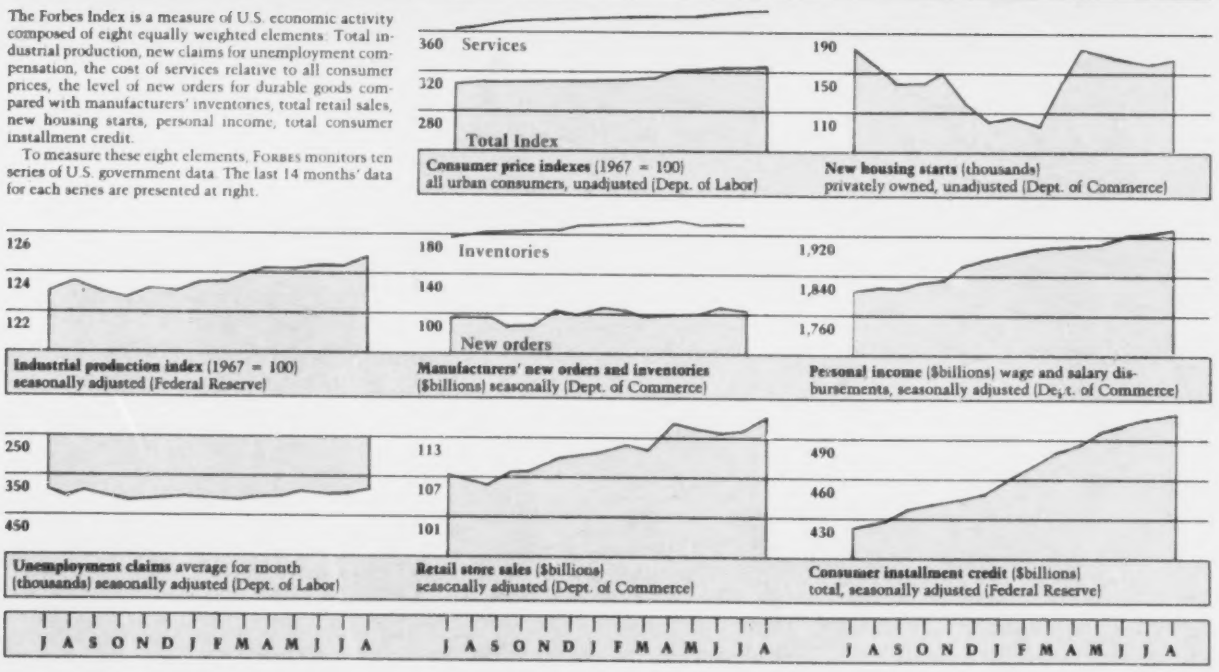


Buy now and try to pay later. Consumer installment credit rose 1.2% over the previous month. This measure of household indebtedness is up 13.2% since December, up 15.5% over the past year. During the same one-year stretch personal income rose 6.4% while the overall Consumer Price Index increased 3.4%. Netting out inflation, the real gain in personal income was only 3%. Next month's figures on consumer installment credit should be even higher because so many consumers took on additional debt to take advantage of year-end auto rebates and cheap financing. Retail sales may not look so good over the next few months, either. Strapped consumers may be prepared to wait for a new round of rebates rather than pay the higher stickers on 1986 models.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The 200 Best Small Companies in America

Herewith our nominations for the best small companies in America, together with some caveats about investing in small growth companies. Conclusion: Staying on top is at least as tough as getting on top.

By Gary Slutsker

JUNO LIGHTING INC. of Des Plaines, Ill. is a manufacturer of track- and recessed-lighting fixtures whose sales ($36 million a year) have grown 20-fold in the past seven years. Sizzler Restaurants International in Los Angeles runs a chain of steak houses (sales, $166 million). Cordura Corp. (sales, $50 million), also from Los Angeles, puts out auto repair manuals and price lists for body shops. All three enjoy rapid profit growth—enough to make shareholders rich if it keeps up until the end of the century. But there's the rub: A supersteep growth curve is more often a preliminary to topping out than a sign of continued progress.

Growth alone—past growth—proves almost nothing. Therefore, in selecting America's best small companies, FORBES went beyond the usual simpleminded growth measurements. To look more closely at the numbers, at more than growth rates, is the first step in sorting winners from losers. To qualify as one of FORBES magazine's 200 Best Small Companies in America, a company had to show a respectable return on equity, relatively low debt and consistency in earnings growth. Meeting these criteria is no guarantee that the company is another Digital Equipment, but it improves the chances.

There are clues on the list that hint at a company's prospects. For example, Optical Radiation, which makes lenses that are implanted in the eye, produced a 30% return on equity in the latest 12 months, compared with its 14% average over the last five years—a good sign because profits are rising faster than sales. But whereas Optical Radiation has a favorable earnings trend, BGS Systems, the little computer software outfit that is third on the list this year, has an unfavorable trend. BGS racked up a 51% average return on equity over the last five years, but 11% for the latest 12 months. Clearly, a critical eye is needed in interpreting the figures.

Most important in this interpretation is some familiarity with the real world that lies behind the numbers. For Juno Lighting to be a winner, it must continue to design fashionable fixtures and keep its distributors happy. Can it? Sizzler has a formula that works—steak cafeterias. That formula has to keep working, and Sizzler's new concepts have to catch on. Will they? Cordura has to keep its stronghold on body shops as they switch to computerized estimating. Can Cordura cope with the change?

To separate the truly dynamic from the merely hot, you have to look at a broad range of subjective elements that don't show up on any list, even ours. Here are some:

- Is this a fad? That may be the prime question for a fast-growing restaurant chain like Sizzler. Styles come and go, and cafeteria steak houses may go the way of other theme restaurants. Premium ice cream is in. If people get bored with it, then Dreyer's Grand Ice Cream (number 24 on our list) will melt away. Is management sufficiently on the ball to sense and catch the next trend?

The cream of the crop

Look for a specialized market that has withstood the test of time. Lawrence Rader, a growth stock analyst at Merrill Lynch, considers only companies that have been in business for at least 12 years. That's the conservative approach, but it has its merits. And it would eliminate Juno.

• Does the company have something special? Says Elliott Schlang of Prescott, Ball & Turben in Cleveland, "Are they doing something completely different? Or if not different, then are they doing it better?" There's nothing unique about the nuts and bolts Lawson Products distributes. But Lawson's 24-hour delivery isn't matched by lower-cost importers. Cordura's database would be hard to duplicate. It has what analysts call a business franchise—an entrenched position protected from competitors.

• How deep is the management? Companies are started by crusading, creative entrepreneurs. But unchecked entrepreneurial egos can be overpowering. Take the sad case of Zondervan, a Bible seller that made last year's list but dropped out this year. Zondervan President Peter Kladder Jr. whipped up the company to such frenzied growth that its accountants couldn't keep up. Months before Zondervan was charged with inaccurate financial reporting, Kladder was kicked upstairs to chairman.

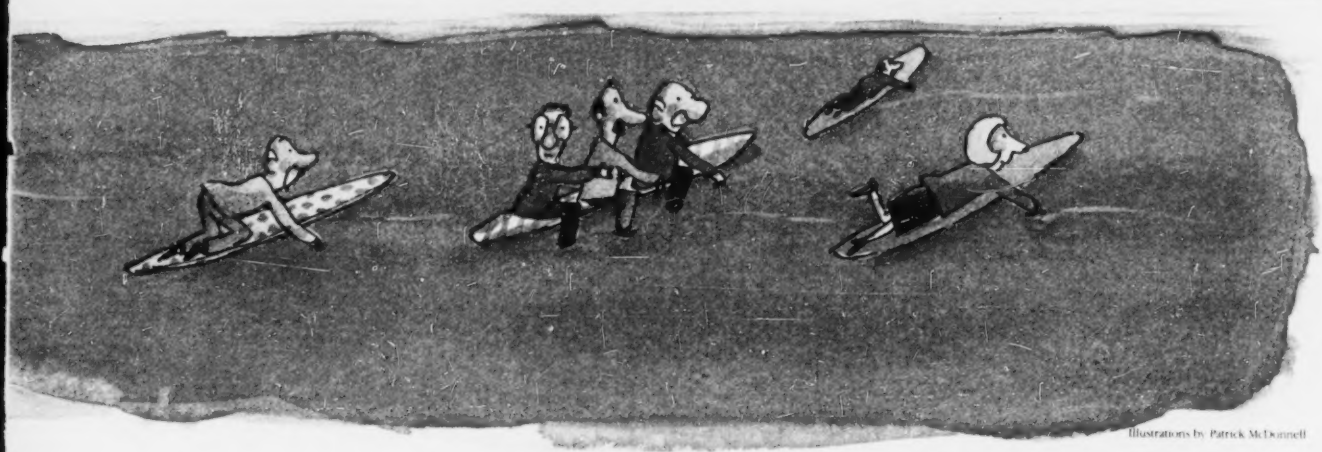
• Is there a focus? "If a company has to spend a paragraph in the annual report defining its product line, then it's time to rethink the product line," says analyst Schlang, who limits to three words company descriptions in his research reports. Carrol's Corp. was near the top of last

How to pick growth stocks

Should you buy small growth stocks? Yes, if they're cheap. To begin, a list of up-and-coming companies is not necessarily a list of up-and-coming stocks. Premier growth stocks command a premium. If the premium is high, you don't get rich buying them, not even if they live up to expectations.

In good part because their prices already discounted their excellent prospects, last year's 300 best small companies, as a group, were merely average performers. They went up an average 12.2% over the past year, roughly matching the Nasdaq index. But note this: The priciest fifth of the group—the 60 with the highest P/Es—went up an average 0.2%, scarcely at all. The cheapest fifth were up an average 22.3%, nearly double the overall performance.

The low-P/E strategy, which columnist David Dreman advocates with fervor, seems to work with small outfits as well as big. It won't work every year; the market goes through manic phases when pricey stocks get even pricier. But buying good, small companies when they are relatively cheap seems an excellent way to stack the odds in your favor.



Illustrations by Patrick McDonnell

Encore

It's slippery up there. Of the 300 companies that made last year's list of the best small companies in America, only 89 returned this year.

Some companies are gone because they grew right out of the small company category (defined as under $300 million in sales, raised from $250 million last year): These were: Advanced Semiconductor Materials, Analog Devices, George Banta, Brush Wellman and Liz Claiborne. Ten companies from the 1984 group disappeared via acquisition. Among them: Lil' Champ Food Stores by Docks de France S.A., Security Life Insurance of Georgia by Tenneco, Berg Enterprises by American Can and Verbatim by Eastman Kodak.

But the vast majority of the 211 no-shows were backsliders. We said good-bye to word processor CPT because it lost nearly $3 million in the last four quarters. Carrol's Corp., a hamburger, nut and chocolate firm, Church & Dwight, the manufacturer of Arm & Hammer baking soda and related products, as well as WD-40, the spray lube company, disappeared because earnings were off. Our minimum 5% earnings gain (most recent 12 months versus year-earlier period) excluded carpetmaker Columbus Mills, which was up only 4.2%.

Alpha Industries, manufacturer of microwave components, was dumped because it now shows a negative five-year earnings growth rate. Zero, a manufacturer of steel boxes for electronic equipment, failed to reappear because its five-year sales growth rate was slightly under the necessary 8% minimum.

High leverage, which we define as a debt-to-equity ratio of 100% or more, is a no-no. That knocked off Acmat, a construction firm, United Cos. Financial, an insurance and loan outfit, and Yankee Cos., which owns oil wells and a thrift.—**Steve Kichen**

year's list, after cranking out enormous profits from about 100 Burger King franchises. But then Carrol's expanded into strange new areas like nuts and chocolate manufacturing. It quickly discovered the candy business is a lot more like retailing apparel than selling burgers. Now sales are declining in both segments, and earnings have fallen by 29% in the last six months.

Not every company on our list is a specialist, but even the generalists usually have a well-focused strategy. Miniconglomerate J.P. Industries, Inc., for example, is in camshafts and kitchen sinks. Where's the common thread? Founder John Psarouthakis buys poorly run manufacturers cheap. His specialty? A genius for cutting costs, for turning marginal operations into highly profitable ones.

• Where's the cash? Some fast-growing companies, particularly high-tech ones, are reverse cash machines. They report fantastic profits, but they burn up all the profits expanding, financing inventory and keeping up in R&D. You can go broke that way; you are tremendously vulnerable to even minor setbacks. Microsemi, number 85 on the list, reported a 41% increase in earnings for its latest nine months. But those profits aren't generating nearly enough cash to fund the company's growth. As a result, Microsemi sells shares, converts debentures and takes on debt (now 29% of capitalization). Yes, earnings are growing. But they are constantly being diluted.

Contrast Cordura, whose growth is less than torrid but whose profits are very real. It is sitting on a $41 million cushion of cash and securities, not bad for a company with $50 million in sales.

• Is the industry headed for burnout? Fortunes have been lost on disk-drive firms that were hot in 1983. Current industry burnout candidates: generic drugs and specialty retailing. Mylan Laboratories' success in generics attracted a rush of imitators. Likewise, The Limited's success in specialty retailing drew a crowd.

Having said all that, we cite another caveat. If you spot a real gem, don't be surprised if other investors have noticed what you're discovering. Cordura, Juno and Sizzler all sell for between 13 times and 16 times earnings, while IBM, a cash-generating, nonfad, 26%-return-on-equity growth company, goes for 12 times earnings.

The 200 companies that made our list are aristocrats of small business, but they are not sure things. There is more to growth companies than mere growth, and entrepreneurs and their backers forget that at their peril. ■

The winnowing

Of the more than 4,000 firms with sales between $1 million and $300 million, 200 passed this year's screens to make the FORBES Best List. Candidates had to meet criteria for high return on equity, consistency of earnings growth, and balance sheet strength. The rules are somewhat more stringent this year than in 1984, when 300 passed the grade. Why the added stringency? Because we wanted to eliminate a weakness of many such lists: an uncritical dependence on growth alone.

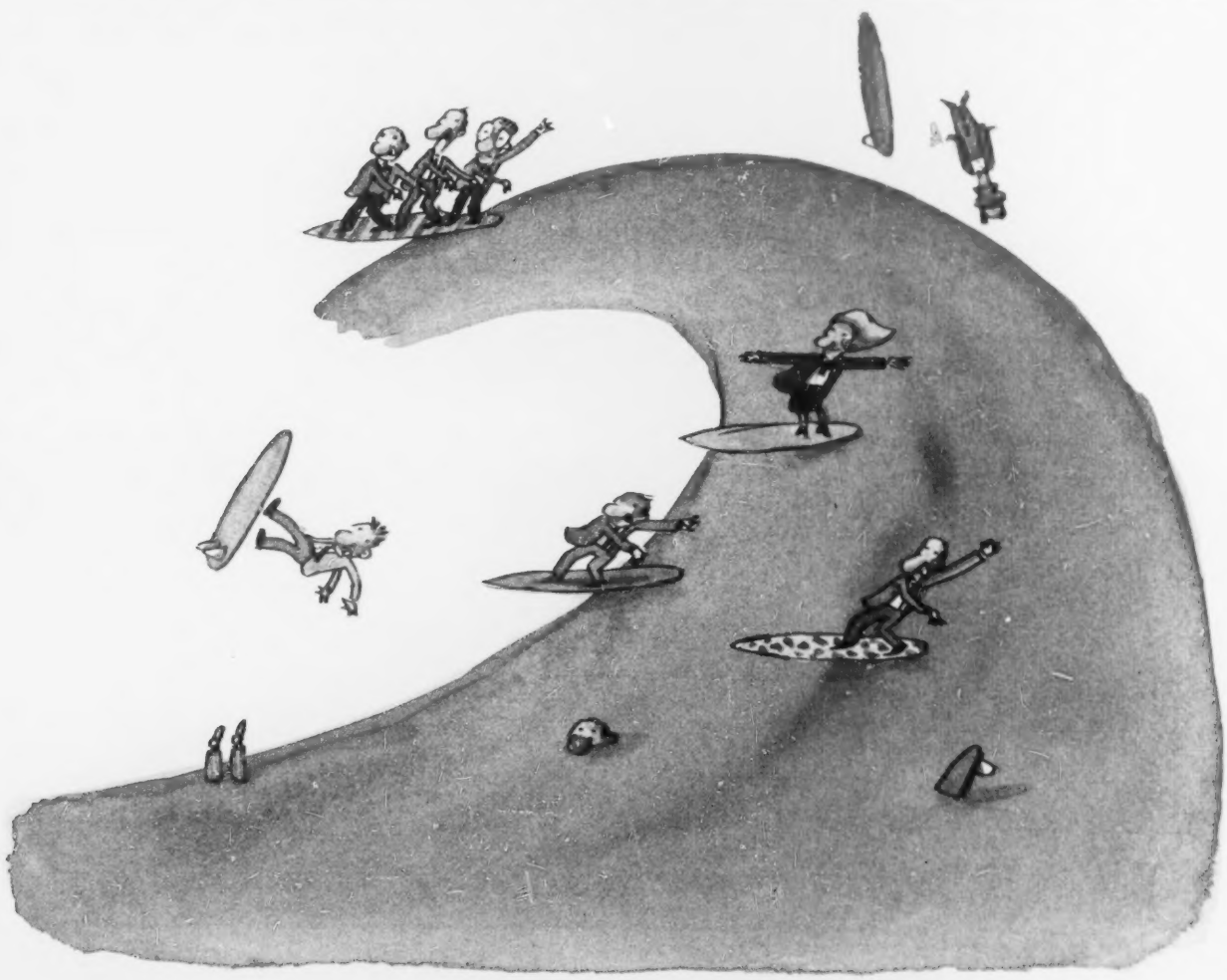
Our minimum for return on equity—profits compared with net worth—was an average of 11.2% over the past five years. That is down from the 14.3% in last year's survey, but the definition of return on equity is tougher. Firms also had to show at least a 10% ROE for the latest 12 months.

Next is earnings growth and consistency. We required an average annual gain in earnings per share of 9% or better over the past five years, and a 5% gain for the most recent 12-month period over the year-earlier period. Any company that showed a drop of more than 75% in earnings from one year to the following year was taken out of contention; we wanted no volatile companies on the list. Five-year sales growth also had to average 8% or better.

Finally, leverage: We culled out companies in which debt as a percentage of equity exceeded 100%. Why? Because highly leveraged companies may be achieving growth at the expense of ultimate solvency. They may be fast-growing, but they aren't "best," as we define it.

We also dropped firms with less than five years of earnings history in the database, earnings less than $1 million during the last 12 months or share prices less than $2. Foreign firms, banks and real estate investment trusts were discarded. The last column of figures may be unfamiliar to some investors: price/sales ratios. This concept, worked out by FORBES columnist Kenneth L. Fisher, is the ratio of company market capitalization to company sales. It tells you, in brief, how many dollars in sales stand behind every dollar in market value. Thus a price/sales ratio of 2 on a $15 stock indicates that there is $7.50 in sales behind every share of common stock outstanding.

Our statistical source for this survey was the best in the business, the database of Los Angeles-based William O'Neil & Co., publisher of stock charts and *Investor's Daily*.—S.K.



The 200 Best Small Companies in America

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
	Franklin Resources *fund management*	72.3%	109.8%	94%	$58.6	$11.2	4%	NA	$1.46	33¼	$1.62	20.5	3.97
•	**Quick & Reilly Group** *securities brokerage*	62.6	22.4	40	66.6	10.2	6	NA	7.23	20½	1.61	12.7	1.94
•	**BGS Systems** *software and computer services*	51.1	10.8	54	11.5	1.6	0	5.30	4.70	8¼	0.51	16.2	2.25
•	**Alfin Fragrances** *markets imported perfumes*	43.0	36.3	152	21.3	4.3	10	4.56	3.60	21	1.27	16.5	3.23
•	**Intertrans** *freight forwarding*	42.4	25.5	108	50.9	1.3	0	2.42	1.93	10⅞	0.47	23.1	0.56
•	**Telerate Systems** *security price database*	41.7	26.7	60	143.3	32.8	0	3.90	2.78	15½	0.75	20.7	4.78
	Pioneer Group *fund management*	40.4	35.4	28	29.4	7.6	0	NA	3.51	21¼	1.25	17.4	4.54
	Dreyfus *fund management*	39.2	37.4	35	158.7	45.8	61	1.78	9.81	66	4.34	15.2	5.19
•	**American List** *student mailing lists*	38.0	35.6	21	3.8	1.1	0	10.57	1.70	9¼	0.61	15.2	4.50
	Plenum Publishing *scientific books, journals*	37.8	43.6	25	37.4	8.7	1	4.71	8.71	45½	3.69	12.3	2.80
•	**Rent-A-Center** *home furnishings rental*	37.8	34.7	38	89.6	7.3	13	0.48	2.93	20	1.00	20.0	1.59
•	**CCX Networks** *computer services*	34.7	18.3	44	13.7	1.3	58	1.90	3.33	16½	0.63	26.2	2.51
•	**CPI Corp** *photo supplies, photofinishing*	34.2	30.5	42	195.1	13.6	2	0.69	5.88	19⅜	1.77	11.1	0.76
•	**Juno Lighting** *lighting fixtures*	33.5	43.4	37	36.0	5.8	47	1.57	2.94	18⅞	1.28	14.8	2.39
	AFA Protective Systems *protective alarm services*	33.1	26.5	40	17.1	1.3	0	2.09	17.46	39	4.29	9.1	0.65
	Mylan Laboratories *generic drugs*	32.3	46.0	56	59.1	13.4	8	5.94	1.21	15¾	0.56	28.1	6.40
•	**Cordura** *auto repair database*	32.0	23.2	22	49.5	9.1	0	1.63	7.05	24½	1.57	15.6	2.75
•	**Cherokee Group** *women's footwear and apparel*	31.8	22.4	28	83.4	3.4	14	1.69	5.39	16¼	1.21	13.4	0.56
	Neutrogena *cosmetics*	31.5	46.5	26	69.0	5.7	0	1.56	2.03	32½	0.90	36.1	2.84
•	**Arthur J Gallagher & Co** *insurance brokerage*	31.3	30.3	24	71.4	7.9	77	1.33	6.12	34½	1.79	19.3	2.06
•	**Andover Controls** *building automation systems*	30.7	21.1	69	17.3	1.8	0	4.46	2.41	5¾	0.50	11.5	1.17
•	**Regis** *hairstyling, hair care salons*	30.1	35.5	40	135.2	7.3	15	1.18	2.21	14	0.79	17.7	0.97
•	**Deb Shops** *apparel retailing*	29.7	30.0	48	134.2	8.9	7	2.48	3.96	17½	1.19	14.7	0.98
	Dreyer's Grand Ice Cream *ice cream*	29.0	23.9	40	92.2	7.5	8	1.47	4.23	17¾	0.98	18.1	1.42
•	**Comarco** *defense engnrg, computer svcs*	28.7	34.5	22	31.9	1.8	4	1.63	2.87	15½	0.94	16.5	0.87
•	**PAR Technology** *computer equipment and services*	28.2	23.6	67	62.9	7.6	0	2.97	4.19	18	0.99	18.2	2.19
	HBO & Co *hospital computer services*	27.8	40.0	43	137.1	19.2	7	3.38	2.01	20⅛	0.96	21.0	3.51
•	**Nuclear Support Services** *service to nuclear electric utilities*	27.7	30.1	30	25.9	1.8	0	0.78	5.41	17¼	1.62	10.6	0.72
•	**E-Z-EM** *disposable X ray supplies*	26.9	24.6	46	38.9	5.5	0	7.07	4.27	13	1.05	12.4	1.76

•New addition to 1985 Best Small Companies in America table NA Not applicable, not available *Sources William O'Neil & Co., Forbes*

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
Napco Security Systems *protective alarm services*	26.7%	45.9%	37%	$18.8	$2.4	0%	4.01	$1.21	9⅝	$0.55	17.5	2.22
Shared Medical Systems *hospital computer services*	26.7	29.8	25	283.8	37.5	7	2.00	5.03	32⅛	1.51	21.6	2.87
• **Silicon Valley Group** *equip for semiconductor industry*	26.2	22.4	45	38.9	6.4	0	8.27	6.57	14⅝	1.46	10.1	1.64
Technalysis *computer services*	26.0	26.8	25	11.8	1.1	0	3.75	2.58	10¼	0.68	15.1	1.39
Dranetz Technologies *precision instruments*	25.6	25.7	22	26.6	4.6	0	8.51	3.76	10¼	0.97	11.1	1.90
• **Robert C Brown & Co** *financial services*	25.5	18.0	55	14.2	2.1	0	NA	4.19	10½	0.75	14.0	2.03
Hathaway *precision instr, computer periph*	25.4	45.8	58	36.4	4.0	8	2.44	2.48	7¼	1.11	7.0	0.76
Auxton Computer Enterprises *computer services*	25.1	22.6	34	26.2	1.5	1	1.50	1.34	4⅞	0.31	15.7	0.94

Highest market capitalization: Marion Laboratories, $1.3 billion. Lowest: AFA Protective Systems, $11.2 million.

• **ACCO World** *computer supplies and furniture*	24.8	25.5	14	200.0	19.1	54	2.81	5.45	21	1.34	15.7	1.45
Southwestern Energy *gas utility*	24.8	28.6	17	102.9	23.1	67	1.45	9.72	24¼	2.51	9.9	2.00
• **Syms** *apparel retailing*	24.8	25.8	27	215.3	13.8	12	3.22	3.03	11⅞	0.78	15.2	0.97
• **American Integrity** *insurance*	24.7	34.1	92	24.4	5.7	1	NA	2.55	16¼	0.98	16.6	4.38
• **Dress Barn** *apparel retailing in eastern U.S.*	24.7	47.2	59	103.0	5.3	1	1.78	2.55	24	1.00	24.0	1.03
General Physics *training services for utilities*	24.5	20.1	21	52.4	3.4	0	1.83	4.63	13	0.90	14.4	0.90
Safeguard Business Systems *accounting & record keeping sys*	24.1	22.3	12	205.2	13.5	42	2.23	4.93	17⅜	1.11	15.7	1.04
Medex *life support products*	23.9	15.6	16	15.3	1.7	30	9.04	2.89	9¼	0.45	20.6	2.25
• **COMB Co** *close out merchandise*	23.7	11.1	55	83.8	2.5	7	1.93	4.00	11¼	1.01	11.1	0.74
Matrix Science *electrical equipment*	23.6	24.0	14	67.1	8.1	0	5.87	8.51	29	2.04	14.2	1.70
Safety-Kleen *auto parts cleaning services*	23.0	29.8	24	209.4	25.8	8	2.51	6.22	33	1.79	18.4	2.19
• **JP Industries** *auto parts, plumbing products*	22.9	29.1	84	108.2	5.5	45	1.98	4.47	20½	1.60	12.8	0.80
• **Knoll International Cl A** *office furniture*	22.9	18.9	18	180.1	11.1	77	2.17	5.38	14⅞	1.01	14.7	0.91
Pall Corp *filters and fluid clarification*	22.8	23.8	12	275.9	34.3	16	1.59	7.95	38¼	1.90	20.1	2.52

•New addition to 1985 Best Small Companies in America table NA Not applicable, not available *Sources: William O'Neil & Co.; Forbes*

The 200 Best Small Companies in America

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
Computer Horizons *computer services*	22.6%	24.2%	97%	$48.7	$2.4	0%	2.24	$3.96	11⅛	$0.92	12.1	0.56
Larsen *canned & frozen vegetables*	22.6	24.4	49	169.4	9.4	37	2.26	6.06	18	1.49	12.1	0.67
• **Diagnostic Products** *medical test kits*	22.5	20.7	28	19.9	3.4	0	6.35	3.09	13	0.64	20.3	3.51
SafeCard Services *credit card loss services*	22.5	38.1	21	61.1	12.8	0	1.54	2.36	17½	0.89	19.7	4.09
Dynatech *precision instruments*	22.3	25.1	26	219.4	17.5	38	2.82	7.11	27½	2.08	13.2	1.23
John H Harland *check printing*	22.3	24.7	21	234.7	27.7	0	3.21	6.55	30	1.63	[illegible]	2.18
• **Jefferies Group** *securities brokerage*	22.3	23.0	29	139.1	14.6	0	NA	7.97	15	1.83	8.2	0.86
O'Sullivan *plastic & rubber auto parts*	22.2	32.9	31	137.4	11.4	0	3.32	4.56	23¼	1.50	15.5	1.28

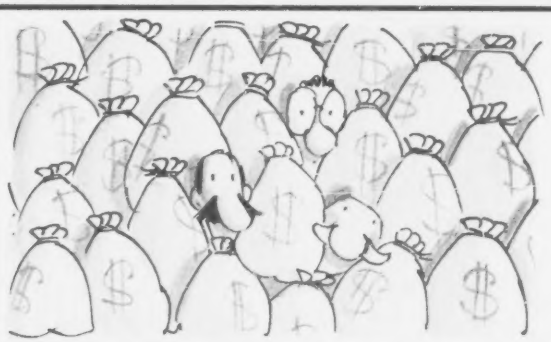
More than one-third of our 200 companies provide technical goods or services.

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
• **Altos Computer Systems** *mini and micro computers*	22.0	11.4	45	124.4	10.4	1	5.75	6.20	10	0.70	14.3	1.18
Bolar Pharmaceutical *generic drugs*	22.0	18.1	24	35.3	6.4	0	7.37	3.69	13	0.71	18.3	3.54
FlightSafety Intl *air and marine training*	21.9	21.4	17	106.5	28.9	22	2.38	6.07	22⅝	1.31	17.1	4.68
• **American Software Cl A** *software*	21.7	17.8	79	31.8	5.6	0	3.60	4.90	10	0.87	11.5	2.01
Postal Instant Press *printing*	21.6	21.9	16	19.4	4.4	2	3.63	4.92	13⅞	1.08	12.9	2.94
• **Safeguard Health Enterprises** *dental health maintenance org*	21.3	20.8	85	41.5	3.0	0	7.81	2.84	16½	0.61	27.0	2.02
• **Central Reserve Life** *insurance*	21.2	40.9	164	64.8	4.2	0	NA	2.89	9½	1.08	8.8	0.53
• **United Industrial Corp** *defense elec, ind machinery*	21.0	32.7	28	260.5	28.4	2	1.35	7.94	20⅞	2.58	8.1	0.88
• **Advertising Unlimited** *printing and promotional mate*	20.6	23.2	25	19.6	1.4	87	2.47	12.34	34	2.68	12.7	0.83
• **Integrated Software Systems** *software for computer graphics*	20.5	15.9	53	37.1	4.5	0	2.91	5.20	11¾	0.85	13.8	1.74
Luby's Cafeterias *restaurants in southwest U.S.*	20.5	22.7	18	193.1	18.8	6	1.68	6.81	34¼	1.55	22.1	2.15
• **Graphic Inds** *printing*	20.3	23.3	20	106.7	4.2	99	1.72	2.88	12½	0.67	18.7	0.73
Eaton Vance *fund management*	20.2	26.2	46	18.5	4.5	38	1.70	9.15	31	2.39	13.0	3.12
• **First Financial Management** *bank computer services*	20.2	19.2	34	43.2	3.0	38	2.01	3.54	18	0.68	26.5	1.84
• **Ally & Gargano** *advertising*	20.1	20.0	32	26.8	2.3	0	1.26	5.20	10	1.04	9.6	0.83

•New addition to 1985 Best Small Companies in America table NA: Not applicable, not available *Sources: William O'Neil & Co.; Forbes*

The 200 Best Small Companies in America

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
•	**Welbilt** *appliances*	20.1%	33.2%	40%	$146.8	$10.7	51%	2.64	$7.26	12½	$2.35	5.3	0.38
	Pansophic Systems *software*	19.9	17.3	40	71.2	12.7	1	8.24	8.67	19½	1.50	13.0	2.31
•	**Ryan's Family Steak Houses** *restaurants in southern US*	19.8	20.6	47	41.2	4.2	4	1.49	2.90	15¾	0.60	26.3	2.66
	Community Psychiatric Ctrs *psychiatric hospitals, dialysis ctrs*	19.7	23.3	33	212.2	43.5	11	3.91	6.18	25½	1.46	17.5	3.63
•	**Federated Guaranty** *insurance*	19.7	16.5	14	39.9	9.1	0	NA	6.56	10¾	1.19	9.0	2.27
•	**WA Krueger** *printing*	19.7	24.3	19	282.7	16.4	36	2.43	4.50	13⅛	1.09	12.0	0.69
	Trion *electronic air cleaners*	19.7	16.9	16	23.5	1.7	50	3.39	3.11	7	0.53	13.2	0.96
•	**Aaron Rents** *rents and sells furniture*	19.6	18.6	22	97.3	6.2	78	3.92	6.22	18¾	1.16	16.2	1.03



Highest profit margin on our list: American List, 29.5%. Lowest: Mars Stores, 1.6%.

•	**Cintas** *manufacture, sale, rent uniforms*	19.6	16.9	23	107.8	9.2	28	2.27	8.37	37½	1.42	26.4	2.27
	BDM International Cl A *defense-related consulting*	19.5	23.1	22	216.8	9.0	0	1.56	4.00	21⅜	0.91	23.5	0.96
•	**Microsemi** *semiconductors*	19.5	30.8	51	33.9	3.6	15	3.05	1.48	6	0.46	13.0	1.38
	Newport Corp *industrial, lab optical equip*	19.5	15.7	26	37.6	8.0	0	12.88	5.39	21½	0.84	25.6	5.36
•	**AFG Industries** *building materials*	19.4	20.3	31	298.1	19.1	76	2.36	9.31	18¼	1.90	9.6	0.62
•	**Raymond Engineering** *weapons components*	19.4	22.7	35	49.5	3.5	21	3.09	8.68	17¾	1.95	9.1	0.63
	Arnold Industries *trucking*	19.3	24.3	18	81.3	7.3	14	1.24	18.08	37¼	4.17	8.9	0.77
	Lee Enterprises *newspapers*	19.3	22.4	15	202.6	29.3	14	1.95	10.11	40⅜	2.15	18.8	2.58
	Aeroflex Labs *military, aerospace systems*	19.1	19.3	23	49.6	4.8	25	3.50	6.04	13	1.15	11.3	1.07
	National Education *vocational training schools*	19.1	19.3	12	180.8	10.3	14	1.38	5.61	19	1.03	18.4	1.00
•	**Insituform East** *repair of underground pipes*	19.0	26.4	12	9.7	1.2	0	2.22	1.16	7⅜	0.29	26.1	3.11
•	**Flow Systems** *water jet cutting equip*	18.9	16.6	47	19.9	2.5	2	4.54	1.68	12⅛	0.29	42.2	5.44
•	**Countrywide Credit Inds** *mortgage servicing*	18.7	16.3	11	35.0	4.4	0	NA	3.53	8¼	0.59	14.0	1.82
•	**Grey Advertising** *advertising*	18.7	20.1	10	215.7	10.6	6	1.15	88.56	185	16.36	11.3	0.51

•New addition to 1985 Best Small Companies in America table. NA: Not applicable, not available. *Sources: William O'Neil & Co. Forbes*

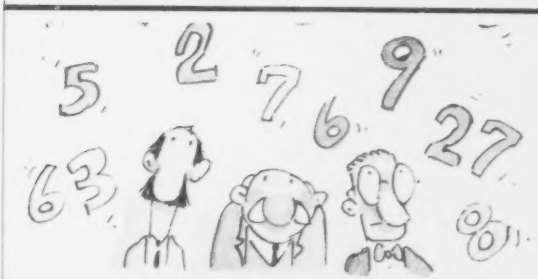
Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
Sippican *oceanographic instrumentation*	18.7%	21.9%	38%	$34.1	$4.8	8%	3.12	$5.43	11½	$1.18	9.7	1.35
• **ARGOSystems** *radar reconnaissance systems*	18.6	21.0	41	65.2	7.0	0	2.22	4.87	19	1.04	18.3	1.98
• **Powertec** *power supplies*	18.5	20.9	50	22.8	2.6	0	5.12	4.57	10½	0.94	11.2	1.24
Sigma-Aldrich *specialty chemicals*	18.5	20.6	16	197.6	26.8	10	5.63	15.88	65	3.09	21.0	2.69
Versa Technologies *rubber products*	18.5	20.5	23	36.3	3.4	10	3.45	6.85	18½	1.41	13.1	1.21
• **Legg Mason** *securities brokerage*	18.4	12.8	10	82.4	4.3	14	NA	7.39	15⅞	0.89	17.8	0.88
• **Stanford Telecommunications** *telecommunications equipment*	18.4	12.8	34	34.0	2.2	2	2.44	5.11	13½	0.61	22.1	1.31
Comdata Network *electronic funds transfer*	18.1	14.0	31	87.7	13.1	1	2.81	4.53	11⅛	0.65	17.1	2.61
Cullinet Software Development *software development*	18.0	19.0	43	186.1	23.4	0	2.03	4.11	16½	0.77	21.4	2.66
• **Earl Scheib** *auto paint shops*	18.0	19.9	55	60.0	5.1	3	2.57	10.46	26⅛	2.09	12.5	1.07
Stryker *surgical and medical products*	18.0	19.5	21	91.4	7.7	9	3.50	4.14	20¼	1.02	19.9	2.12
Atlantic Research *rocket motors, comm equip*	17.9	23.2	33	189.9	12.2	17	2.86	8.21	27¼	1.91	14.3	0.92
• **Payco American** *collection agency*	17.9	20.0	39	59.1	2.0	0	1.14	1.98	13¾	0.39	35.3	1.17
JM Smucker *jams and jellies*	17.8	18.6	20	241.9	16.4	7	2.76	23.74	74⅞	4.42	16.9	1.15
Adams-Russell *comm electronics, CATV*	17.7	17.5	20	124.5	9.3	79	1.97	8.60	26	1.50	17.3	1.29
Teleflex *mechanical remote controls*	17.7	16.4	18	164.8	11.9	19	3.84	13.88	35⅛	2.26	15.5	1.11
• **Great Lakes Chemical** *specialty chemicals*	17.6	20.9	14	281.7	36.1	20	2.36	11.56	36¼	2.42	15.0	1.92
Hunt Manufacturing *office and art supplies*	17.6	18.9	14	104.0	8.1	13	3.64	9.07	28½	1.72	16.6	1.29
• **Lawson Products** *fasteners, industrial supplies*	17.6	21.5	11	125.1	13.5	0	4.66	8.96	28½	1.87	15.2	1.60
DBA Systems *computer imaging technology*	17.5	15.4	27	66.0	3.5	40	3.00	6.16	14¾	0.94	15.7	0.82
Logicon *software design*	17.5	21.3	28	172.9	8.8	0	2.81	8.99	33½	1.90	17.6	0.89
Mentor *surgical implant devices*	17.4	23.5	70	27.4	2.9	63	2.06	2.21	14	0.56	25.0	2.85
• **STV Engineers** *engineering & consulting services*	17.3	33.6	30	61.5	1.4	88	1.24	2.89	11¼	0.97	11.6	0.27
• **Dionex** *precision instruments*	17.2	16.8	31	35.1	6.3	1	5.11	8.35	30	1.37	21.9	3.84
• **LIN Broadcasting** *broadcasting*	17.2	19.4	16	161.8	33.4	58	2.38	6.54	32⅜	1.46	22.0	5.24
• **Tenney Engineering** *precision instruments*	17.2	20.1	16	22.6	1.4	71	3.03	1.99	4⅜	0.39	10.6	0.64
ASK Computer Systems *computer services*	17.1	12.1	39	79.3	8.0	1	4.46	5.15	11¼	0.65	17.3	0.80
National Computer Systems *optical scanning equipment*	17.1	24.6	26	169.4	12.1	34	2.31	4.34	18⅜	1.12	16.4	1.23
United Medical *health care services and products*	17.1	18.2	24	42.6	2.4	34	2.32	4.20	14⅜	1.00	14.6	1.09

•New addition to 1985 Best Small Companies in America table NA Not applicable, not available

Sources: William O'Neil & Co., Forbes

The 200 Best Small Companies in America

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
• **Bob Evans Farms** *sausages, restaurants*	16.9%	16.6%	10%	$235.6	$18.7	0%	1.97	$6.28	19¾	$1.12	17.6	1.50
Wallace Computer Services *business forms*	16.9	19.2	11	274.5	22.1	6	3.66	11.41	34⅛	2.20	15.5	1.25
• **Laidlaw Industries** *solid waste services*	16.8	22.5	32	145.9	17.2	42	1.60	4.42	14¾	0.90	16.4	1.74
• **New York Marine & Genl Ins** *insurance*	16.8	20.9	23	37.6	4.8	0	NA	8.15	29	2.13	13.6	2.18
• **Andersen Group** *electronics*	16.7	14.8	12	48.3	2.3	85	3.43	8.82	9¾	1.31	7.4	0.36
Camco *oilfield equipment*	16.7	13.3	9	174.2	12.3	13	2.77	12.66	14⅞	1.68	8.9	0.62
Black Hills Power & Light *electric utility, coal mining*	16.6	19.7	24	111.0	18.3	80	2.02	20.79	33¼	3.94	8.4	1.34
• **Forum Group** *nursing homes, retirement ctrs*	16.6	32.5	35	170.8	34.4	89	3.56	4.63	8¼	1.35	6.1	1.10



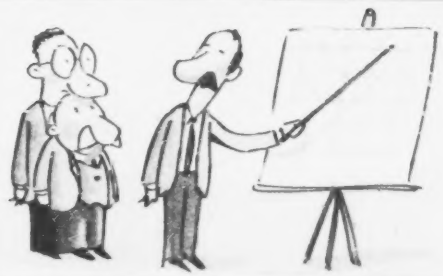
California has 37 of the Best Small Companies, more than any other state. New York has 33.

• **Wisconsin Southern Gas** *gas utility*	16.6	18.7	39	41.8	1.4	86	1.19	10.10	18½	1.84	10.1	0.33
Cerberonics Cl A *technical services*	16.5	13.3	41	36.0	1.5	0	3.56	7.58	8¼	1.00	8.8	0.36
Computer Assocs International *software*	16.5	12.8	60	138.2	13.5	8	3.00	9.71	24	1.25	19.2	1.88
Computer Products *electronics and electrical equip*	16.5	17.6	22	91.2	8.8	37	3.58	2.65	6⅞	0.47	14.6	1.42
• **Systematics** *bank computer services*	16.5	19.0	33	102.1	9.6	4	3.34	4.71	22¾	0.88	25.9	2.40
• **Scan-Tron** *optical reading equip, supplies*	16.4	16.1	22	19.9	2.2	3	5.74	5.11	15¼	0.82	18.6	2.05
Educational Computer *simulation training equip*	16.3	17.9	47	23.8	2.8	21	6.96	3.57	9⅛	0.63	14.5	1.70
Genovese Drug Stores *drugstores in northeastern US*	16.3	19.1	46	227.5	4.4	36	1.72	5.74	10¼	1.10	9.3	0.18
TSR *computer services*	16.3	29.6	25	18.3	2.0	4	2.83	3.01	10⅛	0.83	12.2	1.26
UTL *electronics*	16.3	16.6	47	26.1	4.9	2	5.63	6.11	14	1.00	14.0	2.57
Chilton *credit reporting, collection svc*	16.1	20.0	51	91.8	8.2	7	1.38	5.76	29	1.10	26.4	2.24
Security Amer Finl Enterprises *insurance*	16.1	25.9	35	33.7	3.1	0	NA	8.41	14¼	2.09	6.8	0.61
• **Shelby Williams Inds** *furniture for restaurants & hotels*	16.1	18.3	19	107.8	7.1	0	3.37	5.04	16⅞	0.93	18.2	1.21
• **WH Brady Cl A** *adhesives and coatings*	15.9	23.0	22	102.1	10.8	12	3.23	12.60	34⅛	2.87	11.9	1.24
• **Watkins-Johnson** *electronics*	15.8	18.8	34	223.1	21.7	23	3.18	11.86	22¾	2.23	10.2	0.99

•New addition to 1985 Best Small Companies in America table. NA: Not applicable, not available. *Sources: William O'Neil & Co., Forbes*

The 200 Best Small Companies in America

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
	Intermec *bar-code printers and readers*	15.7%	12.8%	27%	$43.1	$3.9	0%	4.66	$5.71	11⅛	$0.77	14.8	1.42
	Block Drug Cl A *dental products*	15.6	15.7	12	265.5	26.8	15	2.42	22.47	39	3.57	10.9	1.11
•	**Merrimac Industries** *microwave components*	15.5	18.2	31	14.3	1.7	4	4.82	5.76	13¼	1.04	13.2	1.51
	Spectrum Control *electronic pollution controls*	15.4	16.4	13	23.1	2.3	61	2.02	2.65	6	0.44	13.6	1.39
	Gerber Scientific *CAD/CAM equipment*	15.3	19.3	34	217.7	23.6	26	2.74	7.16	17¼	1.36	13.1	1.39
	Methode Electronics Cl B *electronics, connectors*	15.3	18.8	31	85.6	5.3	20	2.66	2.65	7¼	0.56	12.9	0.90
	Electromagnetic Sciences *microwave components, subsys*	15.0	19.2	48	29.7	3.8	13	4.11	4.29	15¼	0.80	19.7	2.45
•	**Atlantic American** *insurance*	14.9	17.6	15	108.1	7.3	41	NA	10.90	22¼	1.92	11.6	0.78



Average P/E ratio for the 200 Best Small Companies: 15.9. For the broad-based Wilshire index: 12.5.

•	**Avemco** *insurance*	14.7	16.3	11	52.3	6.9	19	NA	14.05	30¼	2.28	13.3	1.75
•	**Marion Laboratories** *ethical drugs*	14.7	27.7	37	295.7	36.2	1	2.36	3.56	34⅜	0.94	36.6	4.27
•	**Mars Stores** *discount, variety stores, New Eng*	14.6	20.6	38	88.8	1.4	86	1.80	3.22	12	0.84	14.3	0.29
•	**Olsten** *temporary office personnel*	14.6	18.4	15	246.9	6.7	0	2.78	6.70	23⅜	1.23	19.2	0.52
•	**Sizzler Restaurants Intl** *restaurants*	14.6	17.2	35	165.9	10.4	12	1.55	5.93	13½	1.02	13.2	0.83
	Avantek *microwave, telecomm equip*	14.5	14.6	16	182.8	16.9	1	3.80	5.95	19⅛	0.88	21.7	2.03
•	**Universal Communication Sys** *telecomm equip for hotels*	14.5	21.5	24	66.4	6.3	85	2.88	4.11	12	0.88	13.6	1.30
•	**Maine Public Service** *electric utility*	14.4	16.6	18	36.2	7.4	94	0.29	48.08	20¼	6.99	3.0	0.53
•	**Conner Corp*** *manufactured housing*	14.3	26.4	42	121.9	8.6	25	2.86	11.08	19	2.21	8.6	0.46
•	**Sanmark-Stardust** *apparel*	14.1	18.7	47	52.0	2.7	27	2.17	2.34	5	0.44	11.4	0.60
•	**Citizens Utilities Cl A** *elec, tel, gas and water utility*	14.0	14.9	15	256.9	46.6	36	1.46	15.52	40¼	2.32	17.3	3.15
•	**International Technology** *pollution control services*	14.0	12.0	12	154.5	7.3	64	1.95	7.64	23	0.73	31.5	1.18
•	**John Fluke Manufacturing** *precision instruments*	13.9	19.2	16	218.7	20.1	23	3.44	12.43	23	2.41	9.5	0.88
	Optical Radiation *precision optical components, sys*	13.9	30.1	53	96.5	12.5	4	4.15	5.23	26¼	1.50	17.5	2.15
	Forest Laboratories *controlled-release drugs*	13.8	11.6	11	29.1	4.7	3	4.53	6.83	24½	0.78	31.4	4.99

•New addition to 1985 Best Small Companies in America table NA Not applicable, not available
*Company changed fiscal year. EPS and P/E are for nine months ending June 1985

Sources: William O'Neil & Co., Forbes

The 200 Best Small Companies in America

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Latest 12-months sales (mils)	Latest 12-months profits (mils)	Long-term debt/ equity	Current ratio	Book value/ share	Recent price	Latest 12-months EPS	Latest 12-months P/E	Price/ sales
	Matrix Corp *medical diagnostic imaging sys*	13.8%	16.5%	36%	$86.4	$11.4	1%	3.60	$5.33	16	$0.88	18.2	2.40
•	**Dresher** *brass beds and accessories*	13.7	28.7	30	31.4	1.9	29	2.39	3.64	10⅝	0.97	11.0	0.61
	Helig-Meyers *retailer of home furnishings*	13.6	15.2	17	173.1	12.0	50	1.98	12.64	28½	1.92	14.8	1.03
	Spectradyne *in room hotel communications*	13.6	13.7	13	51.9	5.6	17	2.05	6.56	16¼	0.89	18.3	1.93
	Comprehensive Care *alcoholic and psychiatric hosp*	13.4	14.4	25	168.8	17.8	48	4.30	8.16	14⅞	1.16	12.8	1.34
•	**Big B** *drugstores*	13.3	15.2	15	162.2	4.6	26	2.28	4.57	14¾	0.71	20.8	0.60
•	**Park Communications** *broadcasting*	13.3	14.6	19	109.6	14.9	27	2.23	7.37	21½	1.08	19.9	2.71
•	**Providence Energy** *gas utility*	13.3	17.0	19	158.0	6.4	81	1.32	17.36	20	2.99	6.7	0.28
	Network Systems *computer peripherals*	13.2	18.1	58	86.3	18.7	0	7.40	3.59	24½	0.66	37.1	8.19
	Oakwood Homes *manufactured housing*	13.2	13.4	14	88.0	5.6	3	4.39	11.53	16⅛	1.57	10.3	0.66
•	**Ionics** *ion exchange membranes*	13.1	20.2	17	70.5	4.9	30	2.15	6.68	21¼	1.65	12.9	1.10
•	**Southwest Water** *water utility*	13.1	15.5	16	19.4	2.8	46	1.38	19.93	30½	3.22	9.5	1.45
•	**Continental Materials** *natural resources, a.c. & htg equip*	12.9	16.5	40	68.9	3.7	31	2.77	16.91	18⅞	2.79	6.8	0.36
	Frequency Electronics *military and aerospace elec*	12.9	12.9	12	26.4	4.2	12	10.07	10.62	21⅜	1.37	15.8	2.50
	Service Corporation Intl *funeral parlors*	12.8	14.0	27	241.8	35.8	23	3.06	10.29	24⅜	1.45	17.0	2.53
•	**Empire District Electric** *electric utility*	12.7	15.2	20	123.1	16.7	83	2.79	21.12	20⅝	2.97	6.9	0.87
•	**Houghton Mifflin** *educational publishing*	12.6	13.7	10	263.1	16.8	8	2.30	17.79	35	2.57	13.6	0.92
•	**Burr-Brown** *precision instruments*	12.5	12.6	17	93.0	6.1	44	2.06	9.68	16¼	1.19	14.1	0.89
	Del Laboratories *proprietary drugs, cosmetics*	12.2	13.9	39	95.5	3.8	53	1.81	25.68	32½	3.36	9.7	0.37
•	**Engraph** *packaging materials*	12.1	14.4	20	97.6	3.0	62	2.41	5.50	14⅜	0.77	18.7	0.56
•	**Pasquale Food Cl B** *food processing*	12.1	26.5	77	64.2	2.6	16	2.43	2.94	19	0.78	24.4	0.99
•	**Skippers** *restaurants*	12.1	12.7	23	66.7	2.5	38	0.66	7.23	10⅛	0.92	11.0	0.42
•	**Velo Bind** *bookbinding equip*	12.1	16.4	14	28.6	2.7	5	4.10	3.37	9½	0.57	16.7	1.64
•	**KLA Instruments** *equip for semiconductor ind*	12.0	16.8	63	62.9	8.8	0	3.44	3.11	18¼	0.50	36.5	4.89
•	**Decision Data Computer** *computer peripheral equipment*	11.9	17.1	103	172.3	8.8	2	2.25	5.58	11⅜	1.02	11.4	0.62
•	**Lamar Life** *insurance*	11.9	26.5	17	84.8	20.7	NA	NA	41.88	42½	11.24	3.8	0.94
•	**Computer Factory** *retail computer stores*	11.8	12.5	21	49.9	1.1	0	2.38	3.99	6⅜	0.50	12.8	0.28
•	**Great Lakes International** *maritime construction*	11.2	15.6	11	162.1	13.6	34	2.64	30.67	52⅞	4.69	11.3	0.92
•	**Waverly Press** *scientific and med books*	11.2	13.9	12	62.2	3.5	0	1.73	10.51	19½	1.46	13.4	0.76

•New addition to 1985 Best Small Companies in America table. NA: Not applicable, not available. *Sources: William O'Neil & Co., Forbes.*

Company Directory

This alphabetical listing shows rankings of the 200 Best Small Companies in sales, profits, market value and five-year average return on equity. Also included: stock symbol, corporate headquarters and market value.

Where they rank								
sales	profits	market value	5-year average ROE	Ticker	Company	City, State	Telephone	Market value (millions)
82	109	104	82	ARON	**Aaron Rents**	Atlanta, GA	(404) 231-0011	$100.5
29	27	28	38	ACO	**ACCO World**	Northbrook, IL	(312) 480-9700	289.5
64	72	66	111	AAR	**Adams-Russell**	Waltham, MA	(617) 894-8540	160.2
185	193	195	68	AUNL	**Advertising Unlimited**	Sleepy Eye, MN	(507) 794-7975	16.3
131	125	146	91	ARX	**Aeroflex Labs**	Plainview, NY	(516) 694-6700	53.2
192	194	200	15	AFAP	**AFA Protective Systems**	New York, NY	(212) 279-5000	11.2
1	28	57	87	AFGN	**AFG Industries**	Kingsport, TN	(615) 229-7200	184.0
181	136	126	4	ALFN	**Alfin Fragrances**	New York, NY	(212) 333-7700	68.7
169	172	184	74	AGAI	**Ally & Gargano**	New York, NY	(212) 688-5300	22.2
65	67	71	60	ALTO	**Altos Computer Systems**	San Jose, CA	(408) 946-6700	146.9
175	112	101	41	AIIC	**American Integrity**	Philadelphia, PA	(215) 561-1400	106.9
200	198	192	9	ALST	**American List**	Great Neck, NY	(516) 466-0602	17.1
162	115	133	63	AMSWA	**American Software Cl A**	Atlanta, GA	(404) 261-4381	63.8
135	171	191	130	ANDR	**Andersen Group**	Bloomfield, CT	(203) 242-0761	17.4
191	180	187	21	ANDO	**Andover Controls**	Andover, MA	(617) 470-0555	20.3
113	101	88	98	ARGI	**ARGOSystems**	Sunnyvale, CA	(408) 737-2000	129.1
101	96	136	89	AIND	**Arnold Industries**	Lebanon, PA	(717) 274-2521	62.2
102	87	74	123	ASKI	**ASK Computer Systems**	Los Altos, CA	(415) 969-4442	143.1
71	97	112	156	AAME	**Atlantic American**	Atlanta, GA	(404) 266-5500	84.8
33	55	63	108	ATRC	**Atlantic Research**	Alexandria, VA	(703) 642-4000	174.1
172	187	181	37	AUXT	**Auxton Computer Enterprises**	Maitland, FL	(305) 660-8400	24.5
35	36	21	162	AVAK	**Avantek**	Santa Clara, CA	(408) 727-0700	371.4
126	102	107	157	AVE	**Avemco**	Frederick, MD	(301) 694-5700	91.4

Sources: William O'Neil & Co., Forbes

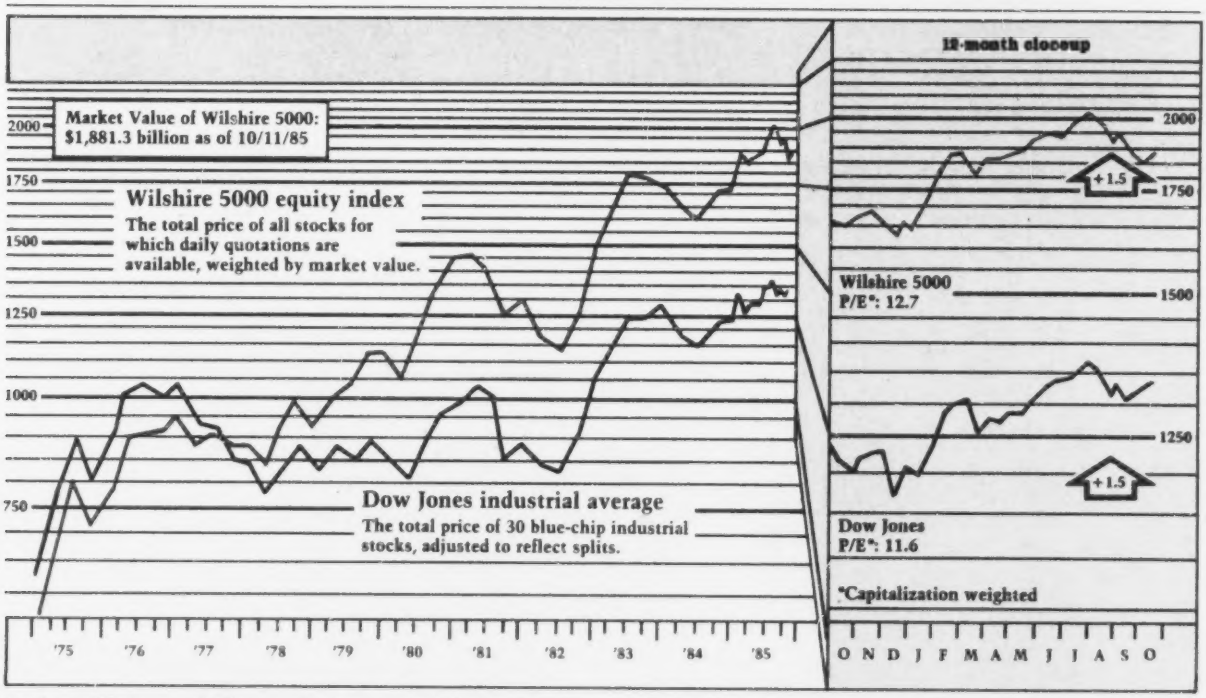
Company Directory

Where they rank								
sales	profits	market value	5-year average ROE	Ticker	Company	City, State	Telephone	Market value (millions)
22	76	44	84	BDM	**BDM International Cl A**	McLean, VA	(703) 821-5000	$208.8
198	186	179	3	BGSS	**BGS Systems**	Waltham, MA	(617) 891-0000	25.9
48	128	106	177	BIGB	**Big B**	Birmingham, AL	(205) 785-0335	97.4
68	32	70	132	BHP	**Black Hills Power & Light**	Rapid City, SD	(605) 348-1700	148.5
8	17	27	150	BLOCA	**Block Drug Cl A**	Jersey City, NJ	(201) 434-3000	295.2
15	31	22	126	BOBE	**Bob Evans Farms**	Columbus, OH	(614) 491-2225	353.4
154	105	91	61	BLR	**Bolar Pharmaceutical**	Copiague, NY	(516) 842-8383	125.0
79	63	90	147	BRCOA	**WH Brady Cl A**	Milwaukee, WI	(414) 332-8100	127.1
195	176	170	35	RCBI	**Robert C Brown & Co**	San Francisco, CA	(415) 981-4050	28.8
85	110	114	189	BBRC	**Burr-Brown**	Tucson, AZ	(602) 746-1111	83.1
38	54	97	131	CAM	**Camco**	Houston, TX	(713) 747-4000	108.8
196	196	163	12	CCXN	**CCX Networks**	Conway, AR	(501) 329-6836	34.4
114	137	165	66	CRLC	**Central Reserve Life**	Berea, OH	(216) 826-4100	34.1
152	188	199	135	CRBRA	**Cerberonics Cl A**	Bailey's Crossroads, VA	(703) 379-4500	12.8
99	150	153	18	CHKE	**Cherokee Group**	N Hollywood, CA	(213) 875-1002	46.3
87	84	49	144	CHN	**Chilton**	Dallas, TX	(214) 699-6111	205.2
72	73	35	83	CTAS	**Cintas**	Cincinnati, OH	(513) 489-4000	244.5
11	1	5	167	CITUA	**Citizens Utilities Cl A**	Stamford, CT	(203) 329-8800	809.2
161	181	174	25	CMRO	**Comarco**	Anaheim, CA	(714) 535-2464	27.8
98	167	137	46	CMCO	**COMB Co**	Minneapolis, MN	(612) 559-8000	61.9
93	50	38	104	CASH	**Comdata Network**	Nashville, TN	(615) 385-0400	229.0
25	3	6	78	CMY	**Community Psychiatric Ctrs**	San Francisco, CA	(415) 397-6151	769.8
45	33	40	176	CMPH	**Comprehensive Care**	Newport Beach, CA	(714) 640-8950	225.6
58	48	31	136	CASI	**Computer Assocs Intl**	Jericho, NY	(516) 333-6700	260.4
130	200	197	198	CFA	**Computer Factory**	New York, NY	(212) 687-5000	13.8
134	170	177	52	CHRZ	**Computer Horizons**	New York, NY	(212) 371-9600	27.3
89	81	86	137	CPRD	**Computer Products**	Pompano Beach, FL	(305) 974-5500	129.5
67	83	142	165	CNR	**Conner Corp**	Newport, NC	(919) 223-5121	55.6
107	145	180	184	CUO	**Continental Materials**	Chicago, IL	(312) 661-7200	25.0
132	75	78	17	CDU	**Cordura**	Los Angeles, CA	(213) 553-4646	136.2
156	132	134	95	CCR	**Countrywide Credit Inds**	Pasadena, CA	(818) 304-8455	63.8
31	44	69	13	CPIC	**CPI Corp**	St Louis, MO	(314) 231-1575	148.7
34	20	16	105	CUL	**Cullinet Software Dev**	Westwood, MA	(617) 329-7700	494.1
112	148	145	116	DBAS	**DBA Systems**	Melbourne, FL	(305) 727-0660	54.1
62	77	82	23	DEBS	**Deb Shops**	Philadelphia, PA	(215) 676-6000	131.3
41	78	99	196	DDCC	**Decision Data Computer**	Horsham, PA	(215) 674-3300	107.4
84	143	162	190	DLI	**Del Laboratories**	Farmingdale, NY	(516) 293-7070	35.0
182	151	124	54	DPCZ	**Diagnostic Products**	Los Angeles, CA	(213) 776-0180	69.9
155	108	79	120	DNEX	**Dionex**	Sunnyvale, CA	(408) 737-0700	134.7
170	129	147	34	DRAN	**Dranetz Technologies**	Edison, NJ	(201) 287-3680	50.6
163	179	189	173	DRES	**Dresher**	Bedford Park, IL	(312) 594-8900	19.0
77	119	102	42	DBRN	**Dress Barn**	Stamford, CT	(203) 327-4242	105.6
86	93	83	24	DRYR	**Dreyer's Grand Ice Cream**	Oakland, CA	(415) 652-8187	131.0
51	2	3	8	DRY	**Dreyfus**	New York, NY	(212) 715-6000	824.3

Sources: William O'Neil & Co., Forbes

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Is there life beyond takeovers? Merger activity and speculation helped the Dow industrials outpoint other indicators over the last four weeks. In particular, Dow stock General Foods is up 39% because of the $120-a-share, or $5.6 billion, merger offer from Philip Morris. Meanwhile, other NYSE issues, such as Revlon and SCM, are up sharply because of takeover activity or rumors of such.

On a four-week basis there appear to be two different markets: Amex issues are off 0.8% and Nasdaq issues 1.9%, while the Dow is up 2.5%. Over this stretch the NYSE was up 0.7% while the Wilshire index rose 0.3%.

During the most recent two-week period the more than 1,300 issues that make up the NYSE were up 1.7%, vs. 1.5% for the Dow. (For a report on Dow earnings prospects, see page 254.) Amex shares gained 0.4% and Nasdaq issues 0.6%. Secondary issues appear to be catching up rather than faltering. If this continues, Wall Street could be on the verge of a textbook rally rather than a collapse.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.3	0.9	2.5	0.7	–0.8	–1.9
in last 52 weeks	12.7	14.7	12.5	12.4	5.3	14.5

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	0.4	–1.6	–1.9	0.7	–3.1	0.1	0.5	–1.0	0.1	0.8	0.4	–4.5
in last 52 weeks	15.3	14.9	18.1	25.4	6.3	20.6	20.0	21.3	17.9	22.7	24.2	2.4

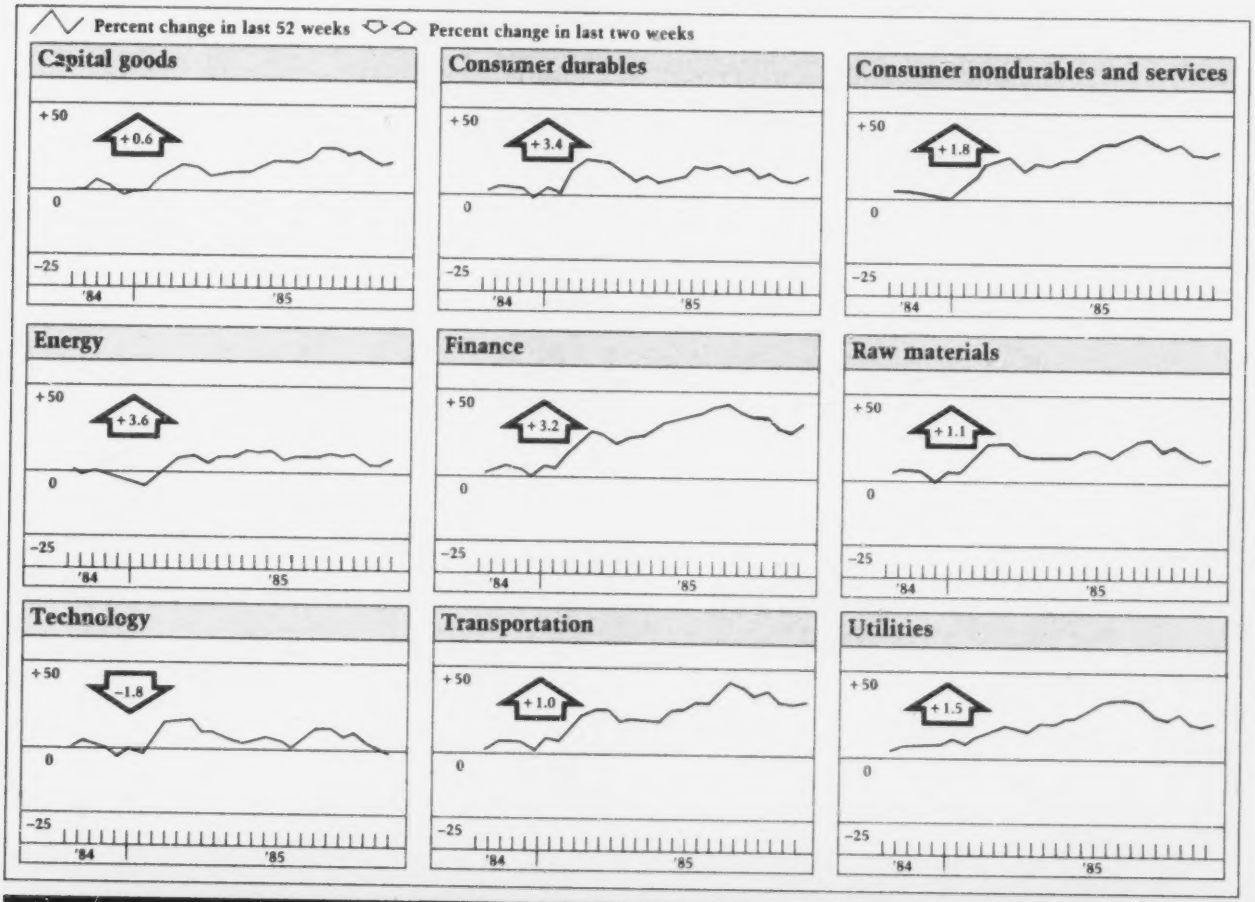
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/11/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

There's life in the old energy stocks yet. Oil and gas prices are heading south, but, thanks to takeovers and restructurings, energy firms are doing well, nonetheless. Oil patch issues are on top, with a 3.6% gain for the past two weeks. One of the leaders was Texas Oil & Gas, which gained more than 18%. TXO rose on takeover rumors related to Midcon and U.S. Steel.

Midcon, which only in September acquired United Energy Resources, another gas pipeliner, gained nearly 14%—because Midcon itself might now be swallowed up. Freeport-McMoran was up more than 13%. This company recently announced a five-year plan to distribute units in its gold company and oil and gas partnership to existing shareholders.



What The Analysts Think

The airlines take a dive. Over the last two weeks analysts cut 1986 earnings estimates for all Wilshire sectors except finance. Forecasts were lowered the most for transportation shares, especially airlines and freight forwarders. Among carriers showing the sharpest cuts: Delta, Eastern, NWA, Pan Am and Tiger International.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.27	11.7
1985 estimates	3.79	10.1
1986 estimates	4.39	8.7

Rank based on change in estimate	Sector	Estimated 1985 EPS	Estimated 1985 P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Finance	$3.13	9.9	0.01%	0.00%
2	Utilities	3.34	7.7	-0.04	-0.43
3	Consumer nondurables	2.36	12.8	-0.12	-0.59
4	Consumer durables	4.89	8.2	-0.22	-1.39
5	Capital goods	2.58	12.1	-0.35	-2.48
6	Energy	3.45	8.5	-0.58	-1.39
7	Technology	2.51	12.6	-1.09	-2.50
8	Raw materials	1.81	13.3	-1.10	-3.31
9	Transportation	2.48	10.5	-1.86	-3.53

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 10/11/85. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

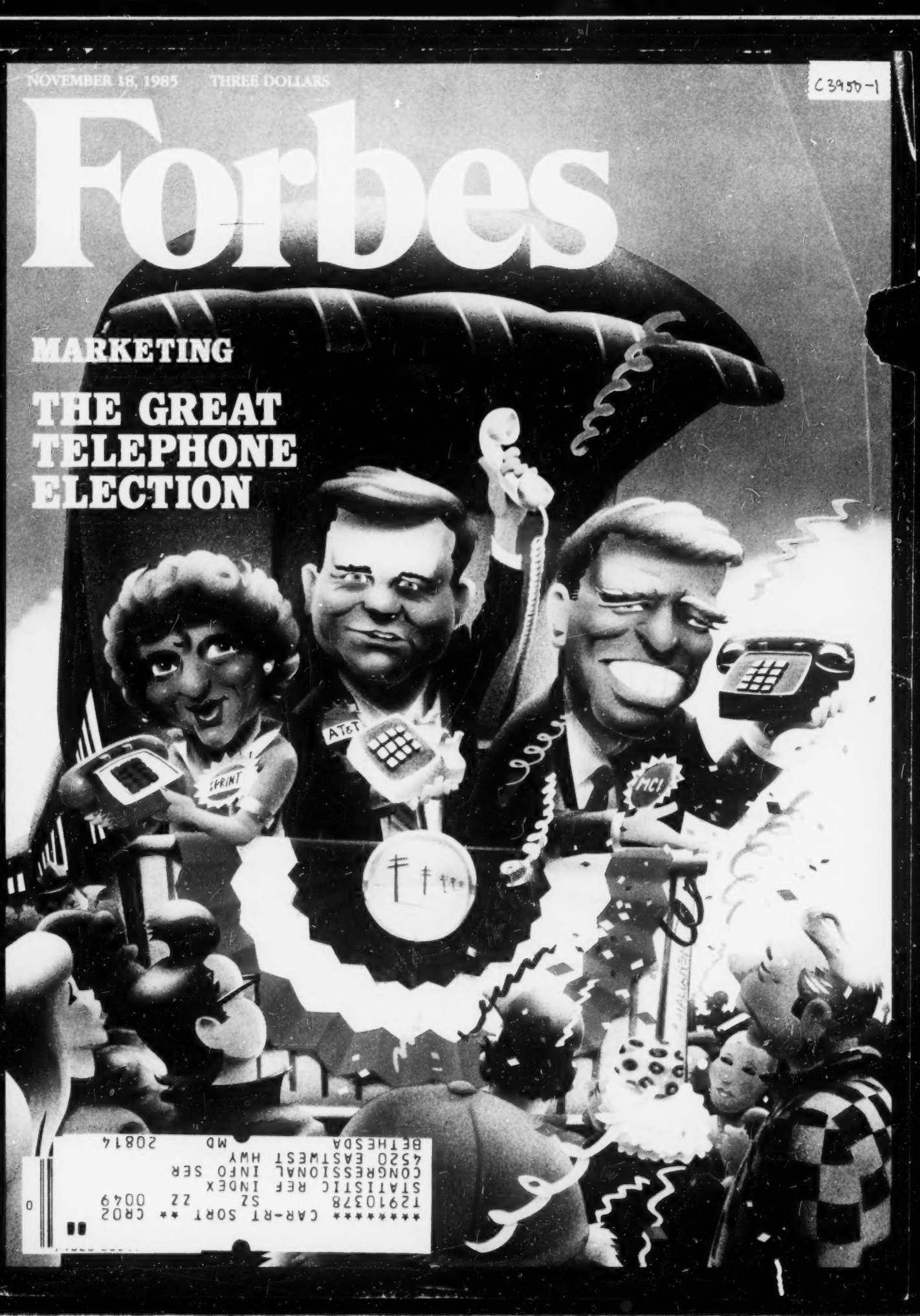
NOVEMBER 18, 1985 THREE DOLLARS

C3950-1

Forbes

MARKETING

THE GREAT TELEPHONE ELECTION



********* CAR-RT SORT ** CR02
T2910378 S2 ZZ 0049
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes

November 18, 1985
Volume 136
Number 13

183

42

The editorial index of companies referred to in this issue is on pages 300 and 301.

Companies

39 Estée Lauder Inc.
Will it be the exception to the rule?

41 Tri-Star Pictures
When you play cards with smart players, be sure you know how to count.

62 Fleetwood Enterprises
Times are tough right now, but Fleetwood will be around when a lot of today's highfliers are not.

66 The Up & Comers
BSN; Guest Supply; Newport Pharmaceuticals.

78 Parker Drilling Co.
In bad times the strong survive and the weak go under, right? Well, not exactly.

86 Waste Management, Inc.
It's in a tempting—but dangerous—business.

114 Union Carbide
Wall Street scents blood.

178 Olin Corp.
How to get your stock up: Make enough mistakes, then "restructure."

183 Cover Story: AT&T
At this point, the Great Telephone Election looks to be a landslide for the incumbent. But the incumbent can take nothing for granted.

194 Golden Pacific National Bank
The return of the elusive Kuang Joseph Chuang.

198 Wisconsin Electric Power Co.
The best decision Charlie McNeer ever made.

202 Lane Co.
An anachronism? If it is, it works.

228 Marshall & Ilsley Corp.
The secret's out, whether Jack Puelicher likes it or not.

230 American Cyanamid
Walking with hope—and fear.

Industries

38 Higher Education: The CRIBs Age
Pittsburgh's Duquesne University has an idea for you.

48 Motion Pictures: Learning From The Rag Trade
Raising cash today against tomorrow's receivables is hardly a new idea, but to the studios it is.

94 Genetic Engineering: Darwin Was Right
There's nothing like the market to bring out the flaws in a fine-sounding strategy.

International

42 The Winds Of Werner
The IRS, the Order of Malta and a Swiss banker have a problem: a former used car salesman from Philadelphia.

100 Zaire: "The Horror . . ."
That famous line from Conrad sums up Zaire. It lives in hopeless poverty while its president robs it blind.

Departments

6 Side Lines
8 Trends
12 Follow-Through
16 Readers Say
23 Fact and Comment
26 Other Comments
31 Fact and Comment II
303 Flashbacks
304 Thoughts

Money & Investments

33 What's Ahead For Business
34 The Forbes Index
271 The Forbes/Wilshire 5000 Review
274 The Forbes/TUCS Institutional Portfolio Report

Columnists

287 Ben Weberman
288 Susan Lee
292 David Dreman
294 Srully Blotnick
296 Stanley W. Angrist

54

128

Special Report

128 Truly Private Enterprise
The 400 largest private companies in the U.S.

Investing

54 The Rales Brothers: Child's Play
Even callow youths take over companies these days.

122 Greed, Simple Greed
The real reason corporate America is seemingly one big auction house.

278 The Myth Of The Black Box
The latest "surefire" system: The TED spread.

280 Insurance: Term Policies
Why aren't they as uniformly priced as gasoline?

284 The Funds: College Retirement Equities Fund
Mediocre at best, no matter how you slice it.

298 Streetwalker
R.H. Macy; HealthCare USA; International Minerals & Chemical; United Artists; Avon Products.

On The Docket

208 Minuet In Maine
Why should demutualizing be so difficult?

Taxing Matters

215 Why P&G Isn't Buying Alcoa
The IRS proposes, the real world disposes.

Numbers Game

218 Inflation Accounting
It rates a big yawn from most financial officers. That may be a mistake. Also: Why do accountants keep writing those useless "comfort" letters?

Personal Affairs

236 Safe At Home
Your home may be your castle, but it's not a fortress. Where do you keep the family jewels? Also: A tax shelter checklist.

Careers

240 The Clever Résumé . . .
. . . May be a creative idea, but it can fall flat, too. Also: Videotape as an interviewing tool.

Marketing

248 The New Do-Gooders
When doing good is good marketing. Also: Sports on cable may have its problems now, but wait 'til 1989; here comes the 15-second commercial.

Technology

256 Scared Shotless
It's a wonder any company stays in the vaccine business. Also: The electronic typewriter; the great software race that never was.

Faces Behind the Figures

264 Dennis Evans, *First Bank System*
264 L.J. Sevin, *Sevin Rosen Management Co.*
264 Robert Woolf, *sports attorney*
266 James Brennan, *Harbor Group*
268 Richard Edlund, *Boss Films*
268 David Wolford, *CommTek Publishing*

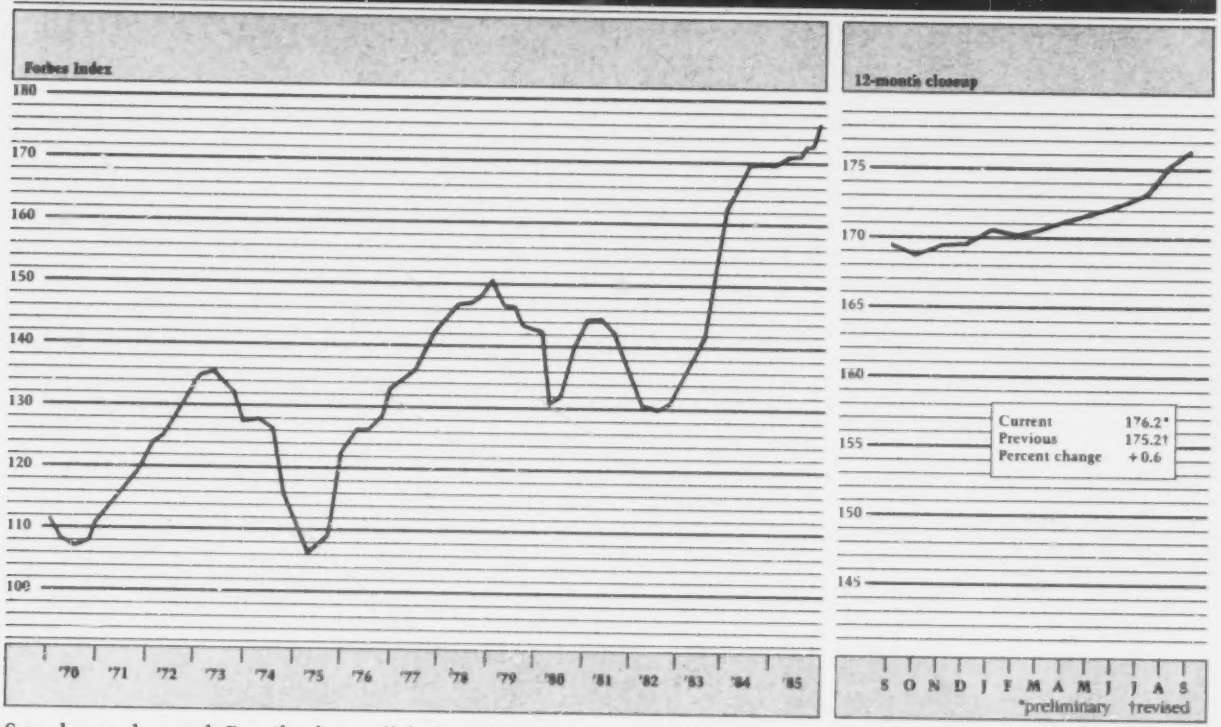
November 18, 1985 Volume 136 Number 13 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1985 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Gary Hallgren

The Forbes Index



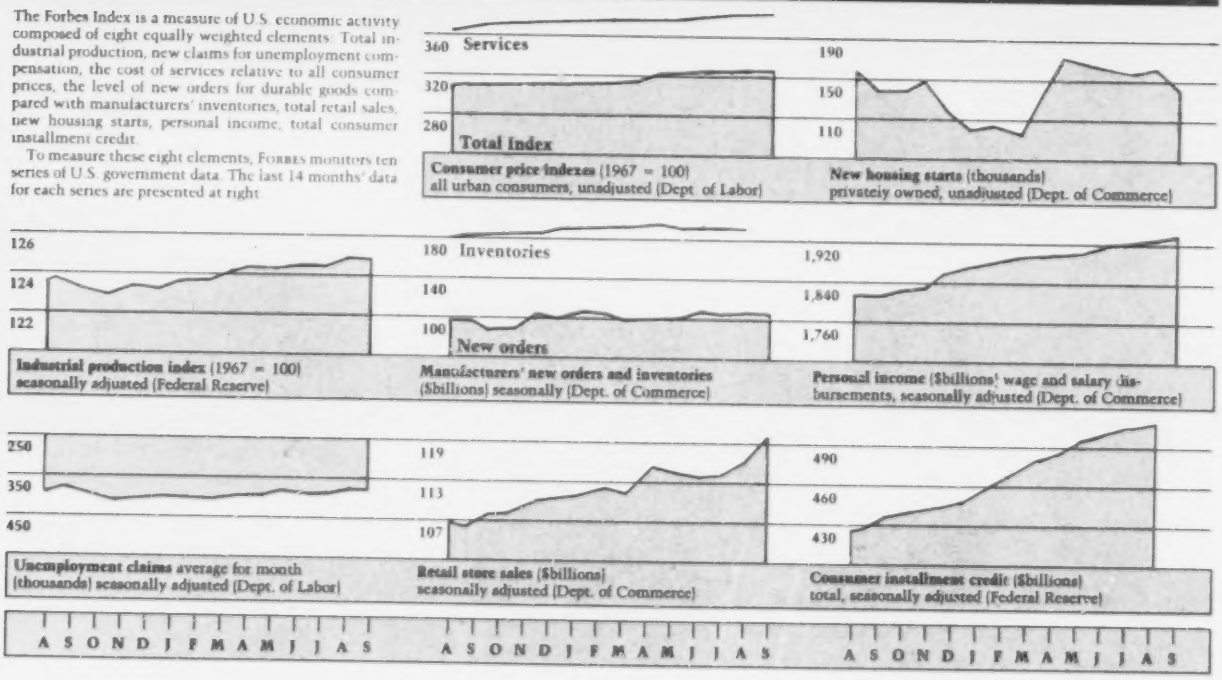
Spend, spend, spend. Retail sales, still feeling the impact of cheap auto financing, jumped 2.7% over month-earlier results. Personal income, after adjustment for inflation, rose at a more modest 6% annual rate. These factors pushed the Forbes Index up 0.6%, to a new high, overcoming weaker signals elsewhere.

Manufacturers' new orders, for example, fell 1.1%, a sign that managers don't expect consumer spending to continue at its current pace. Also, consumer installment credit has been rising since November 1984, not leaving too much room for more buy-now-pay-later. New housing starts, 2.5% lower than they were a year ago, tumbled 10.2% from the previous month and reached their lowest level since last February.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.

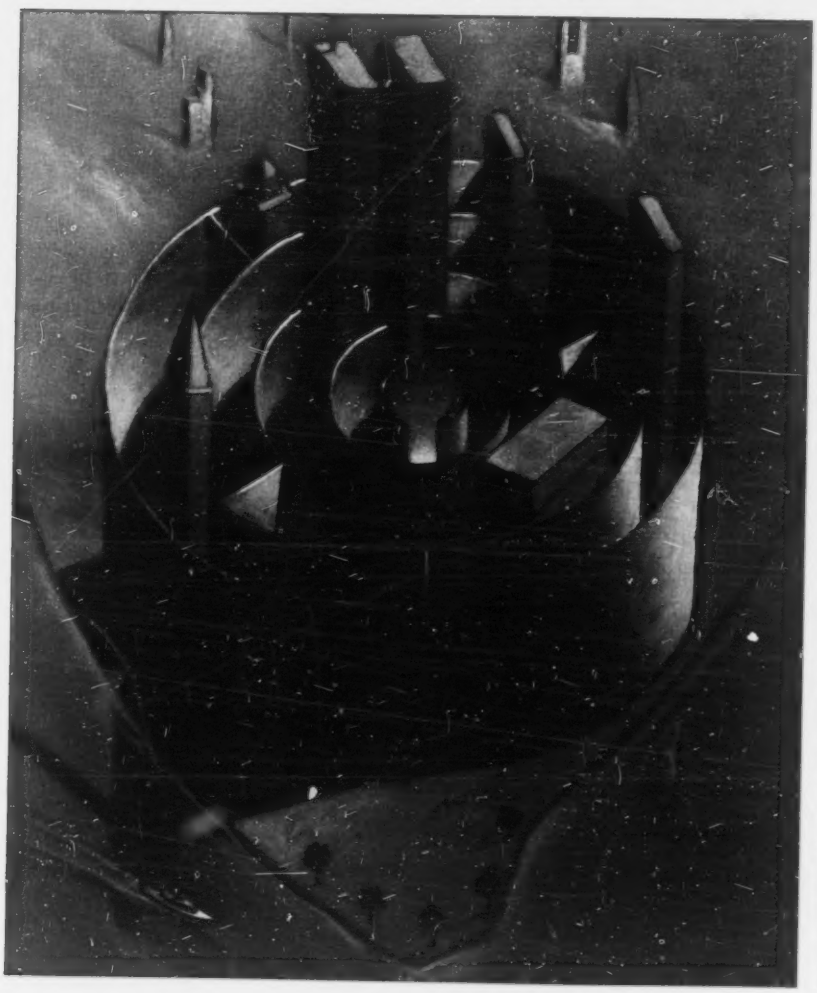


Wall Street's M&A shops are making a mint out of takeovers. That may do more to explain current merger mania than all the blather about synergy and diversification.

Fuel for the flames?

By Richard Phalon

WHEN EVEN SO VENERABLE a stager as R.H. Macy & Co. goes on the block, it's hard not to think of corporate America as one big auction market. What's the yeast at work here? Compelling economics? Herd instinct? Or just plain greed? More of the latter, you might think, say the Wall Street merger and acquisition architects who are prospering handsomely from the wave of huge consolidations that has been sweeping U.S. industry for almost two years now.



"Of course, there's a lot of the herd instinct in this," says Kenneth Miller, head of Merrill Lynch's resurgent M&A unit. "There's a fear that if you don't create dust, you may have to eat it. It's eat or be eaten."

"There are fundamental reasons for these mergers in the food industry," adds Jay Higgins, head of Salomon Brothers' M&A group. "But even if there were no driving economic force, we'd still be seeing this momentum. The more it happens, the more the remaining companies worry about being acquired or there being enough other companies to acquire."

M&A specialists like Miller and Higgins thrive in a crisis atmosphere. "It makes it easier to do deals," says Miller. That truism shows in the scorecards. In six hectic weeks from the beginning of September, he says, Merrill figured in 13 plays. They came on the heels of the billion-dollar deals the firm helped cut between MidCon Corp. and United Energy Resources, Inc., Olympia & York Developments Ltd. and Chevron Corp., Baxter Travenol Laboratories, Inc. and American Hospital Supply Corp.

Merrill is fighting hard to break into the top rank of business that for years has been pretty much the private preserve of such old-line names as First Boston; Goldman, Sachs; Kidder, Peabody; Morgan Stanley; and Salomon Brothers. Merger and acquisition profit margins are very rich—so wide that most corporate finance departments would probably run in the red without the big fees the dealmakers bring in.

Listen to one M&A head size up the economics of the business: "Most of the big franchises on The Street do at least $75 million a year in fees," he says, "and some select firms do in excess of $100 million. Subtract $3 million to $5 million in salaries and overhead from that, and you've got plenty of room for bonuses. Every marginal dollar drops right down to the bottom line."

Thus if Wall Street did not create merger mania, it certainly keeps the flames fanned. Generally the rewards are higher for the bankers on the sell side—an incentive for digging up a white knight and a higher bid in a hostile situation, or squeezing another point or so out of a friendly suitor.

Are the fees excessive? Certainly the bankers bring real skills to the bargaining table—Salomon Brothers' part, for example, in helping General Motors imaginatively create two new classes of common in its successful purchase of Electronic Data Systems and the pending acquisition of

"The big franchises on The Street do $75 million a year in fees, and some select firms do in excess of $100 million. Subtract $5 million in overhead and you've got plenty of room for bonuses. Every marginal dollar drops right down to the bottom line."

Hughes Aircraft, the company's first major buys since it picked up Chevrolet in 1918. Morgan Stanley played its hand with finesse, too, pitting three bidders against each other and a tight deadline in a ploy that nudged GM into sweetening the cash portion of its original bid of $2.5 billion by $200 million. That was an $8 million payday for Salomon, a $10 million payday for Morgan Stanley.

Precedent plays a large part in the way such fees are set, but there is plenty of room for negotiation in an arena where there sometimes seems to be comparatively little external logic. Was there really almost $3 million more M&A sweat involved in putting together R.J. Reynolds/Nabisco (fees $19 million) in a deal worth $4.9 billion than in combining Monsanto/G.D. Searle (fees $16.1 million) in a $2.7 billion deal? Was the Monsanto deal really almost twice as hard as engineering Chesebrough-Pond's/Stauffer (a $1.2 billion combination) for $8.7 million in fees?

Take the recent round of takeovers in the food field—one that may well have started with Beatrice Cos.' acquisition of Esmark last year. This could well have been the disturbance in the ecosystem that caused others to act—or react. The official rationale behind the Reynolds and Philip Morris buys is that grand old brand names like Ritz and Oreo (Nabisco), Kool-Aid and Sanka (General Foods) are quasi-monopoly franchises. Maybe so, but weren't they equally "priceless" a few years ago but at a fraction of the price? Can anyone doubt that herd instinct, subtly encouraged by Wall Street, is at work here?

One popularizer of that "franchise" concept is one of the shrewdest investment minds around, Berkshire Hathaway's Warren Buffett. Buffett has pulled down a very handsome return on sizable positions in the foods and tobaccos, including more than 9% of General Foods.

Even Buffett concedes, though, that there are clear limits to the brand name concept that has The Street and M&A shops cheering all the way to the bank. Says he: "You are more likely to get into trouble with a good theory than with a bad one. The momentum drives people to the point where they lose sight of the quantitative limits of the original idea."

Thoughtful M&A practitioners like Lazard Frères' Felix Rohatyn worry that big fees may very well be creating bad mergers. Oh, well. Unwinding the bad ones will create yet another wave of fees a few years down the road. ■

Billion-dollar babies

Fees for the top ten mergers announced (but not all final) this year seem modest, averaging less than one-fifth of 1% of the selling price. But for a billion-dollar deal, that's at least $1.8 million for each side.

Buyer/ seller	Size of deal (billions)	Investment-banker for buyer/seller	Fee (millions)
Philip Morris/ General Foods	$5.7	First Boston/	$10.1
		Goldman, Sachs	7.1
		Shearson Lehman	7.1
GM/ Hughes Aircraft	5.0	Salomon Brothers/	8.0
		Morgan Stanley	10.0
RJ Reynolds/ Nabisco Brands	4.9	Dillon Read/	9.0
		Morgan Stanley	5.0
		Shearson Lehman	5.0
Allied/ Signal	4.5	First Boston/	10.0
		Lazard Frères	10.0
Baxter Travenol/ American Hospital Supply	3.7	First Boston/	8.0
		Goldman, Sachs	7.5
Cap Cities/ ABC	3.5	—	0.0
		First Boston	7.5
Monsanto/ GD Searle	2.7	Goldman, Sachs/	8.0
		Morgan Stanley	6.3
		Wm Blair	1.8
Kohlberg Kravis Roberts et al. (LBO)/ Storer Communications	2.5	—	NA
		Dillon Read	NA
Coastal/ American Natural Resources	2.5	Drexel Burnham/	4.0
		Goldman, Sachs	8.1
InterNorth/ Houston Natural Gas	2.3	Goldman, Sachs/	4.5
		Lazard Frères	7.0

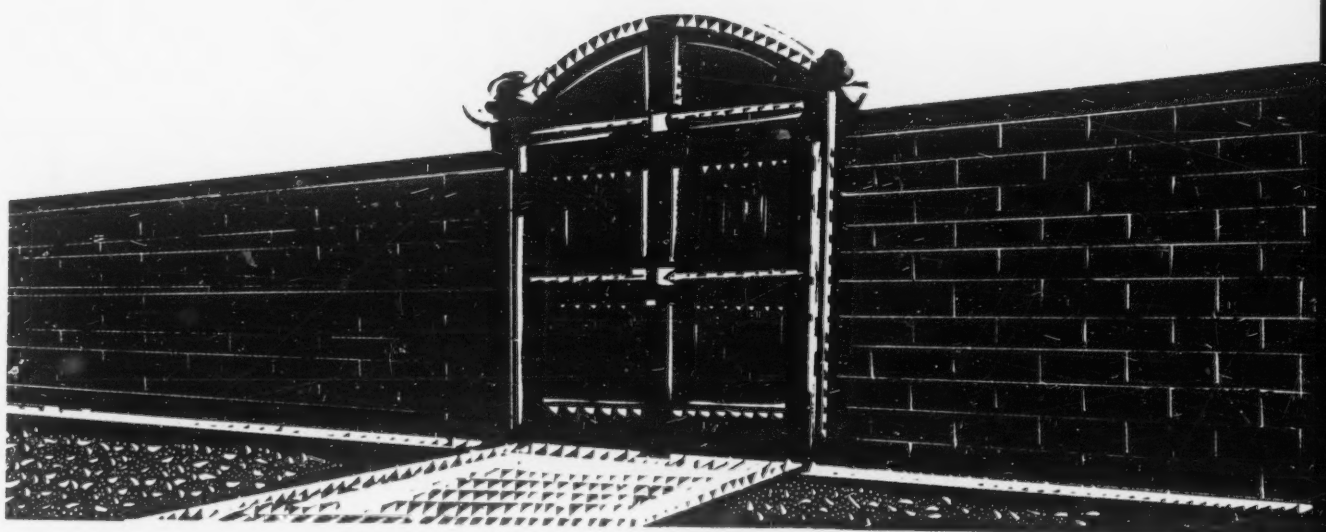
NA: not available.

Source: W.T. Grimm & Co.; Forbes estimates

The Largest Private Companies in the U.S.

Some of them used to be public. Some of them never needed outside capital. And some of them simply value the flexibility and convenience of not having to answer to pesky shareholders.

Behind the paper curtain



By Leslie Pittel

IF BILLION-DOLLAR FIRMS like General Foods and Beatrice can be taken over, is anyone safe? Pamida, an Omaha-based discount retail chain with sales of $449 million, isn't worried. Its stock isn't traded anymore. "When the founder of our company was retiring, in 1981, he didn't want the firm to be acquired, so he took it private and sold it to the employees," says Frank Schlosser, the president.

While the number of initial public stock offerings has broken previous records in recent years, private—truly private—enterprise is not an endangered species. "The number of new nonpublic companies has been exploding lately," says David Birch, a researcher at the Massachusetts Institute of Technology.

In big business, private companies are the exception rather than the rule. The 400 largest private companies in the U.S. have combined sales of $340 billion, a mere one-seventh of the combined sales of the 400 largest public firms. But as you move down the size scale, private companies loom more important. Private firms represent 98% of all U.S. companies in number and account for at least a third of U.S. production. They make such familiar products as Uncle Ben's rice, Gallo wines, Wrangler jeans and Encyclopaedia Britannica books.

Who are these private firms? Some are companies that grew big without ever tapping the public equity market. Mars, the immensely successful maker of Milky Way candy bars and M&Ms, is in that category. So are Steelcase, the largest office-furniture company (FORBES, *Oct. 7*), and Reader's Digest Association.

Some private companies, like Pamida, are employee-owned, a form of ownership that was given tax breaks in 1974 and 1984. Dan River, the textile firm, and Raymond International, an engineering and construction firm, are former NYSE businesses that recently went private using employee stock ownership plans. But employee buyouts are not new. Employee-owned Graybar Electric, a wholesaler of electrical goods, dates back to a 1925 buyout of Western Electric's wholesale operations.

Many private firms were public until the recent craze of leveraged

Stephen Alcorn

buyouts, not only of the employee-owned variety. Jeansmaker Levi Strauss and tiremaker Uniroyal are in this category.

Why stay private? "Owners of private companies have the luxury of not having to live life in a fishbowl," says Norman Fast, president of Venture Economics of Wellesley Hills, Mass., consultants on the venture capital industry. They don't have to worry that with every little hiccup in earnings they'll be pounced on by Wall Street. And they don't always care about how they look in the short run.

"It's totally unrealistic to look at results on a quarterly or even annual basis," says Donald Hall, the 57-year-old chairman of Kansas City, Mo.-based Hallmark Cards (estimated sales, $1.5 billion) and son of founder Joyce Hall. "It's unhealthy for the corporation in the long term."

In 1968 Hallmark undertook the development of the Crown Center complex, an 85-acre urban renewal development of shops, office space and hotels in downtown Kansas City. Though the project is only at midpoint 17 years later, Hallmark has no apologies. It has no need for them. If the owners want to build themselves a costly monument, there is no one to say them nay.

Leonard Lauder, president of Estée Lauder Inc. and the 52-year-old son of founder Estée Lauder, says the firm would probably never have been able to introduce Clinique cosmetics or Aramis grooming aids for men if it had been public. It could not have afforded the short-term earnings hit.

Public companies are usually torn between the desire to show earnings and the desire to minimize taxes. No such problem here. Owners of private companies bury earnings whenever and wherever possible *(see box, p. 130).*

Some private firms are nonetheless so profitable that they find themselves forced to go public to settle an estate. Ford Motor, for example, went public in 1956 so the Ford Foundation could diversify its holdings. But J.R. Simplot Co. hasn't had that problem—yet. Founder Jack R. Simplot, who started from scratch, is at 76 still calling the shots. An eighth-grade dropout, Simplot was a potato farmer. He invested savings from that in hogs, and from hogs in a potato-sorting machine, and from that eventually in a frozen-french-fry process. Now his

The Largest Private Companies in the U.S.

Double entry

Last year Geneva Corp., a Costa Mesa, Calif. business broker, took an assignment from a small and very private machinery supplier in the Northeast who wanted to sell out. To dress up the client's business for sale, Geneva "recast" profit and loss statements to show what they would look like had the business been run as a public company. The result: Operating expenses were cut in half, taxes went up eightfold and net income went up fourfold.

Was the machinery firm cooking the books to thwart the IRS? Not at all. Private companies function under rules very different from those for public companies, and their numbers reflect those rules. As Geneva's president, Stanley Sanderson Jr., explains, "When you look at a privately held business, you really can't look at their balance sheet, their book, their P&L, because it's Alice in Wonderland." Why? Rule number one of private companies is to keep reported profits—and thus taxes—as low as possible. So, in taking the measure of private companies, reported profits don't count. Cash flow and asset growth do, as do nontaxable perks. These have been cut, but owners can still get nice cars and salaries.

In recasting the numbers for its hypothetical P&L statements as it converts from private to public, Geneva boosts profits through accounting changes. One is to emulate public companies in using straight-line depreciation for financial reporting but accelerated depreciation for taxes. Another easy profit-booster is switching to first-in-first-out inventory accounting.

Since prospective buyers care more about a business' true profitability than about its financing, Geneva removes deductions for interest costs. To improve the return on assets, Geneva strips out real estate holdings and substitutes an estimated lease payment.

In short, the game investors play is Reported Earnings. The game private company owners play is Asset Enhancement.—**John Hayes**

James Schnepf

Geneva Corp.'s Stanley Sanderson Jr.
Converting private assets to public profits.

billion-dollar firm supplies McDonald's and Wendy's and makes Simplot one of the wealthiest Americans.

Capital-intensive firms aren't common on the roster of large private companies. Commodity traders and food retailers are, precisely because the price of entry in these businesses is low. That explains, in part, Publix Super Markets, the $3.2 billion Florida-based retailer.

Now that Publix has arrived, it doesn't need outside capital. Its long-term debt of $15 million compares with $417 million of equity. "Maybe in the beginning we were a little strapped for money, but we plowed the earnings back into the business, and we're no longer in any bind," says George Jenkins, the 78-year-old founder. "There'd be no reason for us to even think about going public."

The Jenkins family holds 38% of Publix' shares, but the rest has been parceled out to rank and file employees. The family of Wilbert Gore, founder of W.L. Gore & Associates, owns most of that maker of Teflon-based fabric laminates, filters and insulated wire. But Gore, too, has been getting stock out to his "associates." A public offering isn't likely soon.

On the following pages we present the 400 largest private U.S. businesses, ranked by sales. The list is of necessity less than definitive. Some of these firms consider themselves very private indeed and won't even confirm employee counts. But many were willing to provide figures, and in all other cases we used the most reliable sources available, from government filings to dissident shareholders to interviews with competitors.

We defined a private company as one that does not have widely traded common stock. There may be too few shares (generally, under 500) to demand filings with the SEC, or there are SEC filings but the stock is not available to the public. Science Applications, a defense contractor, and Publix Super Markets fall into the latter category.

Government-sponsored and nonprofit businesses are excluded, although tax-paying enterprises whose profits are handed over to nonprofit institutions are included (examples: Houston Chronicle Publishing, Encyclopaedia Britannica). Mutuals and co-ops (Prudential Insurance, Ace Hardware) are excluded. So are foreign-owned companies and subsidiaries of public companies. ■

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
1		**Cargill**/grain trading	$30,000	40,000	Minneapolis, MN	(612) 475-7575
2		**Continental Grain**/grain trading	15,000	16,000	New York, NY	(212) 207-5100
3		**Apex Oil**/oil trading	13,500	11,000	St Louis, MO	(314) 889-9600
4		**Koch Industries**/petroleum and natural gas	12,000	6,500	Wichita, KS	(316) 832-5500
5		**Mocatta Metals**/bullion and coin dealing	12,000	250	New York, NY	(212) 938-9600
6		**Bechtel Group**/engineering	8,600	26,000	San Francisco, CA	(415) 768-1234
7		**United Parcel Service**/package delivery	6,800	141,000	Greenwich, CT	(203) 622-6000
8		**Mars**/candy	5,300	30,000	McLean, VA	(703) 821-4900
9	•	**ARA Services**/industrial food and maint services	3,406	96,854	Philadelphia, PA	(215) 574-5000
10		**Publix Supermarkets**/grocery stores	3,206	37,000	Lakeland, FL	(813) 688-1188
11	•	**Malone & Hyde**/food wholesaler	3,188	8,100	Memphis, TN	(901) 325-4200
12		**Louis Dreyfus**/commodities brokerage	3,000	600	Stamford, CT	(203) 357-8444
13		**Carlson Cos**/multicompany	2,650	42,000	Minneapolis, MN	(612) 540-5000
14	•	**Levi Strauss & Co**/apparel	2,500	37,000	San Francisco, CA	(415) 544-6000
15		**Farley Industries**/multicompany	2,200	28,500	Chicago, IL	(312) 876-1724
16		**Uniroyal**/tire and rubber	2,122	20,000	Middlebury, CT	(203) 573-2000
17		**Advance Publications**/newspapers, magazines, books	2,000	18,500	Staten Island, NY	(718) 981-1234
18		**SC Johnson & Son**/household products	2,000	12,000	Racine, WI	(414) 631-2000
19		**Milliken & Co**/textiles	2,000	45,000	New York, NY	(212) 819-4200
20		**Weinstein Intl**/industrial machinery	2,000	600	Golden Valley, MN	(612) 546-4471

No more red M&Ms? Mars is doing fine anyway—an estimated $5.3 billion in sales.

21	•	**Pace Industries**/printing, heating and air-cond equip	1,914	18,700	New York, NY	(212) 530-6090
22		**Lincoln Property**/real estate, construction	1,900	5,500	Dallas, TX	(214) 740-3300
23		**Rapid-American**/retail	1,816	26,000	New York, NY	(212) 621-4500
24		**Bear, Stearns & Co***/securities brokerage	1,800	4,600	New York, NY	(212) 952-5000
25		**HE Butt Grocery**/grocery stores	1,800	20,000	San Antonio, TX	(512) 662-5000
26		**Graybar Electric**/wholesale electrical equip	1,600	4,500	St Louis, MO	(314) 727-3900
27		**Stroh Brewery**/brewing	1,600	6,000	Detroit, MI	(313) 446-2000
28		**Belk Brothers**/retail	1,500	23,000	Charlotte, NC	(704) 377-4251
29		**Dillingham**/multicompany	1,500	11,000	Honolulu, HI	(415) 362-1501
30		**Hallmark Cards**/greeting cards	1,500	20,000	Kansas City, MO	(816) 274-5111
31		**Hunt Oil**/oil and gas	1,500	3,000	Dallas, TX	(214) 744-7911
32		**Fred Meyer**/retail	1,449	12,500	Portland, OR	(503) 232-8844
33		**Hearst**/publishing and newspapers	1,400	13,000	New York, NY	(212) 262-5700
34		**Hyatt Hotels**/hotels	1,400	35,000	Chicago, IL	(312) 750-1234
35	•	**First National Supermarkets**/grocery stores	1,362	13,000	Maple Heights, OH	(216) 587-7100
36		**Cox Enterprises**/newspapers, broadcasting	1,347	15,000	Atlanta, GA	(404) 526-5537
37		**Peat, Marwick, Mitchell & Co**/accounting	1,340	25,460	New York, NY	(212) 758-9700
38		**Dominick's Finer Foods**/grocery stores	1,300	10,000	Northlake, IL	(312) 562-1000
39		**Giant Eagle**/grocery stores	1,300	9,000	Pittsburgh, PA	(412) 963-6200
40		**A Johnson & Co**/oil, electronics, titanium	1,300	1,600	New York, NY	(212) 758-3200

•Went private via leveraged buyout within last five years. *Plans to go public.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
41		**McLane**/food wholesalers	$1,300	2,000	Temple, TX	(817) 778-7500
42		**Reader's Digest Associates**/publishing	1,300	10,000	Pleasantville, NY	(914) 769-7000
43	•	**Amstar**/sugar, industrial equipment	1,299	7,584	New York, NY	(212) 489-9000
44		**Hy-Vee Food Stores**/grocery stores	1,244	15,000	Chariton, IA	(515) 774-2121
45	•	**Avondale Industries**/shipbuilding, metals recycling	1,223	10,000	New Orleans, LA	(504) 436-2121
46	•	**Denny's**/restaurants	1,216	52,000	La Mirada, CA	(714) 739-8100
47		**Amway**/household products	1,200	7,000	Ada, MI	(616) 676-6000
48		**Estée Lauder**/cosmetics	1,200	10,000	New York, NY	(212) 572-4200
49		**JR Simplot**/food processing, fertilizer, cattle	1,200	10,000	Boise, ID	(208) 336-2110
50		**Steelcase**/office furniture	1,200	12,000	Grand Rapids, MI	(616) 247-2710

The Haas family spent $1.5 billion to take Levi Strauss private this year.

51	•	**Blue Bell**/apparel	1,180	26,000	Greensboro, NC	(919) 373-3400
52		**Peter Kiewit Sons**/contracting	1,173	7,500	Omaha, NE	(402) 342-2052
53		**Sammons Enterprises**/cable TV, industrial supplies	1,134	5,500	Dallas, TX	(214) 670-9790
54		**Arthur Young**/accounting	1,100	8,023	New York, NY	(212) 407-1500
55		**Roundy's**/food wholesaler	1,066	5,790	Wauwatosa, WI	(414) 453-8200
56		**Arthur Andersen & Co**/accounting	1,028	16,933	Chicago, IL	(312) 580-0033
57	•	**Congoleum**/building materials	1,000	11,100	Portsmouth, NH	(603) 431-3131
58		**Connell Rice & Sugar**/imp & exp food, leasing, real est	1,000	200	Westfield, NJ	(201) 233-0700
59		**Drexel Burnham Lambert**/securities brokerage	1,000	7,200	New York, NY	(212) 480-6000
60		**Dunavant Enterprises**/cotton trading	1,000	1,000	Memphis, TN	(901) 369-1500
61		**Helmsley, Spear**/real est mgt, restaurants, hotels	1,000	10,000	New York, NY	(212) 687-6400
62		**Kendavis Holding**/oilfield equipment and services	1,000	1,000	Fort Worth, TX	(817) 335-5101
63		**Meijer**/grocery stores	1,000	16,000	Grand Rapids, MI	(616) 453-6711
64		**Trammel Crow Residential Cos**/real est dev and mgt	1,000	1,543	Dallas, TX	(214) 979-5100
65	•	**Weirton Steel**/steel	1,000	7,700	Weirton, WV	(304) 797-2000
66		**Schnuck Markets**/grocery stores	980	7,000	Bridgeton, MO	(314) 344-9600
67		**Sweet Life Foods**/food wholesaler and distributors	975	2,000	Suffield, CT	(203) 623-1681
68		**CF Industries**/fertilizer	908	1,700	Long Grove, IL	(312) 438-9500
69		**Renfield**/liquor and wine importing	904	200	Lawrenceville, NJ	(609) 896-4500
70	•	**ACF Industries**/railroad equipment, leasing	900	1,500	Earth City, MO	(314) 344-4500
71		**E-Z Serve**/oil refining, convenience stores	896	425	Abilene, TX	(915) 677-3522
72		**Richfood**/grocery stores	871	1,200	Mechanicsville, VA	(804) 746-6000
73		**Hillman Co**/refrigeration equipment, real estate	865	8,700	Pittsburgh, PA	(412) 281-2620
74	•	**Raymond Intl**/engineering and heavy construction	845	3,400	Houston, TX	(713) 623-1500
75	•	**Parsons Corp**/engineering and construction	840	8,000	Pasadena, CA	(818) 440-2465
76		**Gulf Consolidated Services**/elec & indus equip & supplies	815	1,100	Houston, TX	(713) 672-4500
77		**Triangle Publications**/magazines	811	2,000	Radnor, PA	(215) 293-8500
78		**Ernst & Whinney**/accounting	809	11,300	Cleveland, OH	(216) 861-5000
79	•	**Cannon Mills**/textiles	800	19,000	Kannapolis, NC	(704) 933-1221
80		**Esprit de Corp**/apparel	800	1,500	San Francisco, CA	(415) 648-6900

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
81		**Raley's**/grocery stores	$800	5,000	Broderick, CA	(916) 444-8150
82		**Transammonia**/fertilizer	800	147	New York, NY	(212) 223-3200
83		**Wyatt**/petroleum distribution	800	90	New Haven, CT	(203) 787-2175
84		**Algonquin Energy**/natural gas	771	376	Boston, MA	(617) 254-4050
85	•	**Levitz Furniture**/home furniture	762	5,000	Boca Raton, FL	(305) 994-6006
86		**Simpson Timber**/forest products	758	6,000	Seattle, WA	(206) 292-5000
87		**Kidder, Peabody**/securities brokerage	756	5,400	New York, NY	(212) 510-3000
88	•	**Twentieth Century-Fox Film**/entertainment	754	3,280	Los Angeles, CA	(213) 277-2211
89		**American National Insurance** /insurance	753	8,670	Galveston, TX	(409) 763-4661
90	•	**Signode Industries**/metal fabricating	751	5,800	Glenview, IL	(312) 724-6100
91	•	**Allegheny Ludlum Steel**/specialty steel	750	5,500	Pittsburgh, PA	(412) 394-2800
92		**Crowley Maritime**/maritime	750	4,500	San Francisco, CA	(415) 546-2500
93		**Delaware North Co**/multicompany	750	36,000	Buffalo, NY	(716) 881-6500
94		**Demoulas Super Markets**/grocery stores	750	5,500	Tewksbury, MA	(617) 851-7381
95		**Gilbane Building**/construction and contracting	750	2,000	Providence, RI	(401) 456-5800
96		**Horsehead Industries**/zinc, carbon, graphite	750	3,000	New York, NY	(212) 972-2100
97		**Ingram Industries**/maritime, publishing	750	2,200	Nashville, TN	(615) 298-8200
98	•	**McAndrews & Forbes Hldgs**/tobacco, chocolate, film, video	750	3,000	New York, NY	(212) 688-9000
99		**Shaw's Supermarkets**/grocery stores	750	8,000	East Bridgewater, MA	(617) 378-7211
100		**Vantage Cos**/real estate, construction	750	6,500	Dallas, TX	(214) 631-0600
101		**Perdue Farms**/poultry processing and marketing	741	11,000	Salisbury, MD	(301) 543-3000
102		**Amerco**/U-Haul rentals	731	11,200	Phoenix, AZ	(602) 263-6011
103		**Potamkin Cadillac**/auto dealerships	722	441	New York, NY	(212) 399-4400
104		**NES**/precision instruments	718	1,500	Carpentersville, IL	(312) 426-5900
105		**The Andersons**/agricultural, general stores	706	1,400	Maumee, OH	(419) 893-5050
106		**Coopers & Lybrand**/accounting	700	11,586	New York, NY	(212) 536-2000
107		**Dubuque Packing**/meatpacking	700	1,400	Omaha, NE	(402) 397-2000
108		**Golden State Foods**/supplies McDonald's with fd, packaging	700	1,300	Pasadena, CA	(818) 793-3135
109		**Golub**/grocery stores	700	8,000	Schenectady, NY	(518) 355-5000
110		**AG Spanos Cos**/construction	697	620	Stockton, CA	(209) 478-7954

Estée Lauder is big in women's cosmetics (about $1 billion sales) and has branched into products for men.

111	•	**Cone Mills**/textiles	688	10,000	Greensboro, NC	(919) 379-6510
112		**LM Berry & Co**/advertising	685	2,400	Dayton, OH	(513) 296-2121
113		**D'Arcy, Masius, Benton & Bowles**/advertising	675	6,000	New York, NY	(212) 758-6200
114		**Warren Equities**/gasoline and convenience stores	675	1,300	New York, NY	(212) 751-8100
115		**Gates Rubber**/tire and rubber	670	5,900	Denver, CO	(303) 744-1911
116		**Alfred M Lewis**/food wholesaler	667	1,167	Riverside, CA	(714) 684-0170
117		**Bartlett Agri Enterprises**/agribusiness	658	600	Kansas City, MO	(816) 753-6300
118		**Bass Enterprises**/oil and gas, Americana hotels	650	4,500	Fort Worth, TX	(817) 390-8400
119		**Drummond Co**/coal and coke	645	4,000	Jasper, AL	(205) 387-0501
120		**EJ Gallo Winery**/wine and brandy	645	2,700	Modesto, CA	(209) 579-3111

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
121	**Smith Barney, Harris Upham & Co**/securities brokerage	$640	5,600	New York, NY	(212) 399-6000
122 •	**Dan River** /textiles	625	10,000	Danville, VA	(804) 799-7000
123	**Associated Food Stores**/food wholesalers	624	1,200	Salt Lake City, UT	(801) 973-4400
124	**Wegmans Food Markets**/grocery stores	620	8,000	Rochester, NY	(716) 328-2550
125 •	**Arcata**/printing and forest products	600	8,000	San Francisco, CA	(415) 781-4200
126	**Fedco**/retail	600	4,000	Los Angeles, CA	(213) 946-2511
127	**Gulf States Toyota**/auto importers	600	600	Houston, TX	(713) 744-3300
128	**Metallurg**/steel	600	4,000	New York, NY	(212) 686-4010
129	**Morgan Stanley & Co**/securities brokerage	600	3,800	New York, NY	(212) 974-4000
130	**Parsons & Whittemore**/ind machinery, wood pulp	600	6,400	New York, NY	(212) 972-2000
131	**Rich Products**/frozen food	600	4,500	Buffalo, NY	(716) 878-8000
132	**Rock Island Refining**/oil refining, retail gasoline	597	560	Indianapolis, IN	(317) 872-3200
133 •	**Dr Pepper**/soft drinks	585	300	Dallas, TX	(214) 824-0331
134 •	**Metromedia**/broadcasting	585	5,500	Secaucus, NJ	(201) 348-3244
135	**Dominick Intl**/securities brokerage	573	10,000	New York, NY	(212) 558-8800
136	**Duchossois Enterprises**/railroad equipment	555	6,000	Elmhurst, IL	(312) 279-3600
137	**Associated Grocers**/grocery stores	554	1,200	Seattle, WA	(206) 762-2100
138	**Southwire**/metal fabricating	554	3,883	Carrollton, GA	(404) 832-4242
139	**William Esty**/advertising	550	600	New York, NY	(212) 692-6200
140	**Vista Chemical**/chemicals	550	1,500	Houston, TX	(713) 531-3200

Frank Perdue took 270 million chickens private last year.

141 •	**Philips-Van Heusen**/apparel	546	8,000	Piscataway, NJ	(201) 885-5000
142	**Andersen Corp**/building materials	545	2,900	Bayport, MN	(612) 439-5150
143 •	**Guardian Industries**/glass, photo finishing	543	5,358	Northville, MI	(313) 349-6700
144	**CEI Construction**/construction	540	2,500	Bethesda, MD	(301) 657-7100
145	**Price Waterhouse**/accounting	540	9,018	New York, NY	(212) 489-8900
146	**Hartz Mountain**/pet supplies	525	3,000	Harrison, NJ	(201) 481-4800
147	**Shurfine-Central**/grocery stores	525	171	Northlake, IL	(312) 681-2000
148	**Piggly Wiggly Southern**/grocery stores	522	5,000	Vidalia, GA	(912) 537-9871
149	**Columbian Enterprises**/chemicals, metal trading	520	920	New York, NY	(212) 303-9500
150	**McDevitt & Street**/construction	517	2,129	Charlotte, NC	(704) 525-8110
151	**JM Huber**/oil and gas, natural resources	516	3,000	Edison, NJ	(201) 549-8600
152	**Maritz**/industrial services	512	2,800	Fenton, MO	(314) 255-4000
153	**United Van Lines**/trucking	509	800	Fenton, MO	(314) 326-3100
154	**American Forest Products**/forest products	504	2,100	San Francisco, CA	(415) 775-6444
155	**Anschutz**/oil drilling, exploration and production	500	5,000	Denver, CO	(303) 298-1000
156 •	**Atlantic Refining & Marketing**/refinery, gas stations	500	2,000	Philadelphia, PA	(215) 557-3685
157	**California and Hawaiian Sugar**/sugar refining	500	1,450	San Francisco, CA	(415) 772-3800
158 •	**Coca-Cola Bottling Co of NY**/soft drink	500	4,000	Greenwich, CT	(203) 625-4000
159	**Grocers Supply Co**/food wholesaler	500	1,000	Houston, TX	(713) 747-5000
160	**Houdaille Industries**/industrial equipment	500	7,000	Fort Lauderdale, FL	(305) 576-4414

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
161	**The Hunt Corp**/construction	$500	750	Indianapolis, IN	(317) 241-6301
162 •	**Imperial Clevite**/industrial products	500	7,000	Glenview, IL	(312) 699-7400
163	**Ben E Keith**/food wholesaler and distributor	500	1,200	Fort Worth, TX	(817) 332-9171
164	**Marley**/industrial machinery	500	5,000	Mission Woods, KS	(913) 362-5440
165	**North Pacific Lumber**/wholesaler of forest products	500	500	Portland, OR	(503) 231-1166
166	**Schreiber Foods**/cheese processing	500	2,200	Green Bay, WI	(414) 437-7601
167	**Schwan's Sales Enterprise**/frozen foods	500	5,000	Marshall, MN	(507) 532-3274
168	**Tauber Oil**/oil refining	500	46	Houston, TX	(713) 869-8700
169	**TransAmerican Natural Gas**/natural gas, refining	500	900	Houston, TX	(713) 445-4400
170	**USA Petroleum**/gasoline retail	500	1,000	Santa Monica, CA	(213) 394-5050
171	**Builder Marts of America**/retail building materials	498	675	Greenville, SC	(803) 297-6101
172	**Herbalife International**/diet supplements	488	1,000	Englewood, CA	(213) 410-9600
173	**Superior's Brand Meats**/meatpacking	488	2,200	Massillon, OH	(216) 832-7491
174 •	**Harte-Hanks Communications**/newspapers	487	10,645	San Antonio, TX	(512) 344-8000
175	**Packerland Packing**/meat packing	484	1,150	Green Bay, WI	(414) 468-4000
176	**Battelle Memorial Institute**/scientific research and dev	482	7,487	Columbus, OH	(614) 424-6424
177	**Sealy**/bedding	482	2,000	Chicago, IL	(312) 559-0500
178	**UIS**/auto parts	480	6,500	New York, NY	(212) 581-7660
179	**Young & Rubicam**/advertising	480	8,500	New York, NY	(212) 210-3000
180	**Brookshire Grocery**/grocery stores	475	2,050	Tyler, TX	(214) 534-3000
181	**Ingles Markets**/grocery stores	470	4,000	Black Mountain, NC	(704) 669-2941
182	**Deloitte Haskins & Sells**/accounting	463	7,975	New York, NY	(212) 790-0500
183	**CL Peck Contractor**/construction	462	500	Los Angeles, CA	(213) 381-6711
184	**King Kullen Grocery**/grocery stores	461	3,500	Westbury, NY	(516) 333-7100
185	**Allied Van Lines**/trucking	460	1,042	Broadview, IL	(312) 681-8000

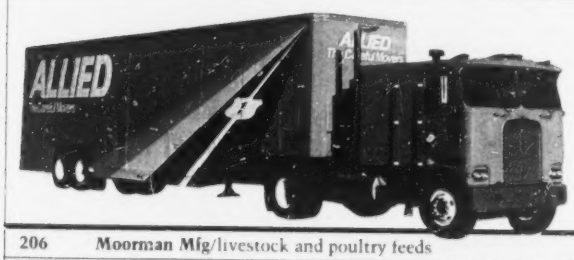
The owner of Hartz Mountain, which makes pet supplies, this year bought the *Village Voice*.

186 •	**Anchor Glass Container**/packaging	460	6,000	Tampa, FL	(813) 870-6120
187	**Cardinal Industries**/manufactured housing	458	5,600	Columbus, OH	(614) 861-3211
188	**Nash Phillips/Copus**/home building	452	1,542	Austin, TX	(512) 458-1141
189	**Aarque Cos**/metal fabricating	450	3,800	Jamestown, NY	(716) 664-6014
190	**Beloit**/machinery	450	6,600	Beloit, WI	(608) 365-3311
191	**Boy's Market**/grocery stores	450	4,000	Highland Park, CA	(213) 258-8080
192	**Oklahoma Publishing Co**/newspapers	450	4,000	Oklahoma City, OK	(405) 232-3311
193	**Pilgrim Industries**/poultry processing	450	3,100	Pittsburg, TX	(214) 856-3612
194	**Roseburg Forest Products**/forest products	450	4,459	Roseburg, OR	(503) 679-3311
195	**Trailways**/bus transport, bus mfg	450	5,000	Dallas, TX	(214) 655-7111
196	**Aldinger Walbridge**/construction	450	750	Livonia, MI	(313) 591-6000
197	**Wilbur-Ellis**/agribusiness	450	1,200	San Francisco, CA	(415) 772-4000
198	**Pamida**/retail	449	5,700	Omaha, NE	(402) 339-2400
199	**Kohler**/plumbing supplies, engines, generators	440	7,900	Kohler, WI	(414) 457-4441
200 •	**Leslie Fay**/apparel	440	3,000	New York, NY	(212) 221-4000

•Went private via leveraged buyout within last five years

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
201	**Swinerton & Walberg**/construction	$440	1,500	San Francisco, CA	(415) 421-2980
202	**Schwegmann Giant Supermarkets**/grocery stores	436	4,500	New Orleans, LA	(504) 947-9921
203	**Touche Ross & Co**/accounting	432	8,034	New York, NY	(212) 489-1600
204	**CR Anthony**/retail	430	8,000	Oklahoma City, OK	(405) 235-3711
205	**SJ Groves & Sons**/construction	430	5,000	Minneapolis, MN	(612) 546-6943



With $460 million revenues and 1,042 employees, Illinois-based Allied is the largest mover of household goods in the U.S.

206	**Moorman Mfg**/livestock and poultry feeds	430	4,300	Quincy, IL	(217) 222-7100
207	**Phelps**/construction	428	2,500	Greeley, CO	(303) 352-6565
208	**HB Zachry**/construction	425	8,000	San Antonio, TX	(512) 922-1213
209	**Ted Bates Worldwide**/advertising	424	800	New York, NY	(212) 869-3131
210	**HCB Contractors**/construction	422	2,500	Dallas, TX	(214) 747-8541
211 •	**Hyster**/industrial machinery	422	4,799	Portland, OR	(503) 280-7000
212	**Chatham Super Markets**/grocery stores	421	3,000	Warren, MI	(313) 497-4600
213	**Austin Industries**/construction	420	5,000	Dallas, TX	(214) 630-5100
214	**Science Applications Intl**/research and development	420	5,700	La Jolla, CA	(619) 456-7323
215	**NJ Manufacturers Ins and Reinsurance Co**/insurance	417	1,250	W Trenton, NJ	(609) 883-1300
216	**Mellon Stuart Holding**/construction	416	1,300	Pittsburgh, PA	(412) 323-4600
217	**Lykes Bros Steamship**/maritime	413	1,000	New Orleans, LA	(504) 523-6611
218	**George A Fuller**/construction	410	300	New York, NY	(212) 355-2700
219	**Goldman, Sachs & Co**/securities brokerage	408	4,428	New York, NY	(212) 902-1000
220	**Steuart Petroleum**/oil production and retail distribution	404	500	Washington, DC	(202) 537-8900
221	**Ferrell Cos**/oil and gas	400	450	Liberty, MO	(816) 792-1600
222	**Harbert**/construction	400	4,500	Birmingham, AL	(205) 988-3333
223	**Hunt Energy**/oil and gas production	400	4,000	Dallas, TX	(214) 880-8400
224	**Hutzler's**/retail	400	4,700	Baltimore, MD	(301) 727-1234
225	**RB Pamplin**/textiles, sand and gravel	400	8,000	Portland, OR	(503) 248-1133
226 •	**Rayovac**/batteries	400	2,000	Madison, WI	(608) 252-7400
227	**Vanguard Energy**/integrated petroleum	400	28	Houston, TX	(713) 880-8750
228	**Wheaton Industries**/packaging	400	7,500	Millville, NJ	(609) 825-1400
229	**World Carpets**/carpets	400	2,000	Dalton, GA	(404) 278-8000
230	**WWF Paper**/sells paper to printers	400	675	Bala Cynwyd, PA	(215) 667-9210
231	**Hughes Corp**/hotels and casinos	396	6,100	Las Vegas, NV	(702) 733-0123
232 •	**AJ Bayless Markets**/grocery stores	390	2,800	Phoenix, AZ	(602) 262-0311
233	**Racetrac Petroleum**/convenience stores, gas stations	389	1,500	Atlanta, GA	(404) 434-0400
234 •	**Albany International**/metal fabricating	388	5,800	Menands, NY	(518) 445-2200
235	**General Felt Industries**/textiles	387	3,500	Saddle Brook, NJ	(201) 843-0900
236	**Central Newspapers**/newspaper	380	5,090	Indianapolis, IN	(317) 633-9027
237	**Merchants Distributors**/food wholesaler	375	950	Hickory, NC	(704) 322-2822
238 •	**GNB**/automotive batteries	370	3,000	Mendota, MN	(612) 681-5000
239	**HBE Corp**/construction, leasing	370	3,600	St Louis, MO	(314) 567-9000
240	**Microdot**/industrial components	370	4,500	Darien, CT	(203) 655-2466

•Went private via leveraged buyout within last five years

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
241	**Pacific Northern Oil**/oil	$367	150	Seattle, WA	(206) 382-9777
242	**Asplundh Tree Expert**/tree maintenance svcs for utilities	365	11,000	Willow Grove, PA	(215) 784-4200
243	**Fred W Albrecht Grocery**/grocery stores	360	3,000	Akron, OH	(216) 733-2861
244	• **SFN**/publishing	360	3,000	Glenview, IL	(312) 657-3900
245	**Ron Tonkin Cos**/auto dealership	360	400	Portland, OR	(503) 255-7560
246	**Hughes Markets**/grocery stores	358	5,590	Los Angeles, CA	(213) 227-8211
247	**Almac's**/grocery stores	350	3,200	East Providence, RI	(401) 438-2700
248	**Bourns**/precision instruments	350	7,000	Riverside, CA	(714) 781-5690
249	**Chemcentral**/chemicals	350	800	Chicago, IL	(312) 594-7000
250	**Copley Newspapers**/newspapers	350	3,500	La Jolla, CA	(619) 454-0411
251	**Early & Daniel**/food processing	350	120	Cincinnati, OH	(513) 621-0662
252	**Home Interiors & Gifts**/wholesale decorative accessories	350	500	Dallas, TX	(214) 386-1000
253	**Hyplains Dressed Beef**/meatpacking	350	275	Dodge City, KS	(316) 227-7135
254	**Minyard Food Stores**/grocery stores	350	4,000	Coppell, TX	(214) 462-8700
255	**Rosenthal Cos**/auto dealership	350	1,000	Arlington, VA	(703) 522-2300
256	**Sprague Resources**/construction	350	3,000	Seattle, WA	(206) 447-1774
257	**Taylor & Sledd**/food brokerage	350	148	Richmond, VA	(804) 262-8614
258	• **Wometco Enterprises**/multicompany	350	6,000	Miami, FL	(305) 579-1200
259	**Tang Industries**/metal fabrication and distribution	344	4,000	Elk Grove Village, IL	(312) 981-8200
260	**Youngs Market**/food wholesaling	344	950	Los Angeles, CA	(213) 629-5571

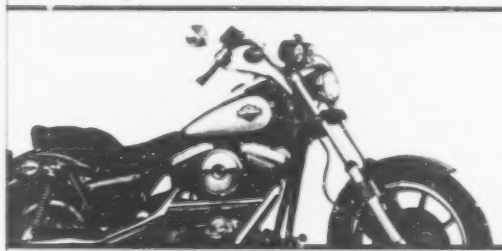
Colonial Oil Industries, $320 million sales, sells gasoline and heating oil in seven southern states.

261	**Journal Co**/newspapers	340	3,450	Milwaukee, WI	(414) 224-2000
262	• **American Brass**/metal fabricating	338	2,300	Buffalo, NY	(716) 879-6700
263	**The Pantry**/convenience stores	336	3,000	Sanford, NC	(919) 774-6700
264	• **Amerace**/industrial equipment	330	4,300	Hackettstown, NJ	(201) 852-1122
265	**Jerseymaid Milk Products**/dairy products	330	500	Vernon, CA	(213) 586-2300
266	**K&B**/drugstores	330	2,900	New Orleans, LA	(504) 586-1234
267	**Thomson McKinnon Securities**/securities brokerage	330	4,500	New York, NY	(212) 482-7000
268	**Club Corp of America**/sports clubs	325	9,000	Dallas, TX	(214) 243-6191
269	**Freedom Newspapers**/newspapers	322	3,800	Santa Ana, CA	(714) 542-4415
270	**Rinker Materials**/cement	322	2,400	W Palm Beach, FL	(305) 833-5555
271	**C&S Wholesale Grocery**/food wholesaler	320	250	Brattleboro, VT	(802) 257-4371
272	**Colonial Oil Industries**/oil	320	187	Savannah, GA	(912) 236-1331
273	**Fiesta Mart**/grocery stores	320	2,500	Houston, TX	(713) 869-5060
274	**ER Carpenter**/plastic foams	315	4,500	Richmond, VA	(804) 359-0800
275	**MA Mortenson**/construction	315	500	Minneapolis, MN	(612) 522-2100
276	**3 Beall Brothers 3**/retail	314	5,000	Jacksonville, TX	(214) 586-9823
277	**Jitney-Jungle Stores of America**/grocery stores	313	3,000	Jackson, MS	(601) 948-0361
278	**McCall Oil & Chemical**/chemicals and oil distribution	313	400	Portland, OR	(503) 228-2600
279	**Lumbermen's Merchandising**/lumber, building materials	309	100	Wayne, PA	(215) 293-7000
280	**Encyclopaedia Britannica** /publishing	305	2,800	Chicago, IL	(312) 347-7000

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
281		**American Cast Iron Pipe**/fire hydrants, steel pipes	$300	3,200	Birmingham, AL	(205) 325-7701
282		**Atlantic Processing**/dairy processing	300	900	Allentown, PA	(215) 433-5111
283		**Avtex Fibers**/textiles	300	3,000	Valley Forge, PA	(215) 251-7700
284		**Boyd Group**/hotels and casinos	300	6,500	Las Vegas, NV	(702) 454-8014
285		**Bromar**/food wholesaler	300	600	Newport Beach, CA	(714) 640-6221
286		**Colonial Sugars**/sugar refining	300	600	Mobile, AL	(205) 433-0454
287		**Consolidated Cos**/grocery stores	300	1,000	Metairie, LA	(504) 834-4082
288		**Day & Zimmermann**/engineering, consulting	300	9,600	Philadelphia, PA	(215) 299-8000
289		**Dick Corp**/construction	300	3,500	Pittsburgh, PA	(412) 664-8000
290		**Fidelity Investments**/fund management	300	2,416	Boston, MA	(617) 570-7000
291		**Granite Construction**/construction	300	3,000	Watsonville, CA	(408) 724-1011
292		**B Green & Co**/food wholesaler	300	1,100	Baltimore, MD	(301) 247-8300
293		**Greenwood Mills**/textiles	300	7,500	Greenwood, SC	(803) 229-2571
294	•	**Harley-Davidson Motor**/motorcycle mfg	300	2,421	Milwaukee, WI	(414) 342-4680
295		**Roy M Huffington**/oil and gas	300	3,200	Houston, TX	(713) 651-1600
296		**ICC Industries**/chemical	300	1,800	New York, NY	(212) 903-1700
297		**Krasdale Foods**/food distributor	300	525	Bronx, NY	(212) 378-1100
298		**Lamb Technicon**/machinery	300	1,500	Warren, MI	(313) 497-6000
299		**McJunkin**/industrial equipment	300	900	Charleston, WV	(304) 348-5211
300		**McWane**/pipe manufacturing	300	3,500	Birmingham, AL	(205) 969-0710
301		**H Molsen & Co**/cotton merchandising	300	40	Dallas, TX	(214) 748-4441
302	•	**Otasco**/retail	300	3,200	Tulsa, OK	(918) 437-7171
303		**Pickens-Bond Construction**/construction	300	1,500	Little Rock, AR	(501) 3[illegible]9941
304		**Randall Stores**/grocery stores	300	2,600	Mitchell, SD	(605) 996-7511
305		**Ris Paper**/paper distributors	300	490	Garden City, NY	(516) 742-2424
306		**Stowe Mills**/textiles	300	3,800	McAdenville, NC	(704) 824-3551
307		**Taubman Co**/real estate developer	300	1,600	Bloomfield, MI	(313) 258-6800
308		**URM Stores**/grocery distributor	300	450	Spokane, WA	(509) 467-2620
309		**Vitt Media International**/media planning and buying svcs	300	117	New York, NY	(212) 921-0500
310		**Brand-Rex**/electrical equipment	293	4,129	Willimantic, CT	(203) 456-8000
311		**FCX**/agricultural equipment	291	1,700	Raleigh, NC	(919) 828-4411
312	•	**California Home Brands**/food processing	290	2,736	Terminal Island, CA	(213) 831-8941
313		**American Seaway Foods**/food wholesaler	290	700	Bedford Heights, OH	(216) 663-5500
314		**Ohio Valley Electric**/electric utility	290	810	Piketon, OH	(614) 289-2376
315		**Roger Williams Food**/food wholesaler	290	350	Cumberland, RI	(401) 333-4000



More than 150 U.S. motorcycle manufacturers have bitten the dust, but Harley-Davidson survives.

316		**Dayton-Walther**/auto parts	288	3,096	Dayton, OH	(513) 296-3113
317		**Dillard Paper**/paper products	288	1,200	Greensboro, NC	(919) 299-1221
318		**Reliance Steel & Aluminum**/steel	284	775	Los Angeles, CA	(213) 582-2272
319	•	**Jupiter Inds**/trucking, natural gas, construction, real estate	281	3,000	Chicago, IL	(312) 527-2000
320	•	**American Sterilizer**/health care equipment	280	3,500	Erie, PA	(814) 452-3100

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
321	•	**Formica**/building materials	$280	4,000	Wayne, NJ	(201) 831-2000
322		**Mary Kay Cosmetics***/cosmetics	278	1,200	Dallas, TX	(214) 630-8787
323		**Rodgers Cos**/construction	275	1,100	Nashville, TN	(615) 361-4400
324		**Spalding & Evenflo**/sporting goods, baby products	274	4,300	Tampa, FL	(813) 887-5200
325		**Healthco**/dental equipment	272	2,200	Boston, MA	(617) 423-6045
326		**Consumers Markets**/grocery stores	267	2,000	Springfield, MO	(417) 866-4305
327		**Nibco**/valves and fittings	262	3,090	Elkhart, IN	(219) 295-3000
328		**Atalanta**/food importer	260	200	New York, NY	(212) 431-9000
329	•	**Dart Drug Stores**/drugstores	260	2,000	Landover, MD	(301) 772-6000
330		**Imperial Sugar**/sugar refining	260	643	Sugar Land, TX	(713) 491-9181
331	•	**Ti-Caro**/textiles	260	4,700	Gastonia, NC	(704) 867-7271
332	•	**Conair**/electrical appliances	260	875	Edison, NJ	(201) 287-4800
333		**Green Bay Packaging**/paper products	259	1,976	Green Bay, WI	(414) 433-5111
334	•	**Calvin Klein Limited**/apparel	258	5,500	New York, NY	(212) 719-2600
335		**Lufkin Industries**/oilfield equipment	258	2,800	Lufkin, TX	(409) 634-2211

Seventy-three-year-old sporting goods retailer L.L. Bean ranks number 339 on the private list.

336		**Wawa**/convenience stores	255	3,700	Wawa, PA	(215) 459-4700
337		**Fareway Stores**/grocery stores	255	2,200	Boone, IA	(515) 432-2623
338		**McClatchy Newspapers**/newspapers, CATV	255	3,000	Sacramento, CA	(916) 446-9476
339		**LL Bean**/specialty retail of outdoor sporting goods	254	1,550	Freeport, ME	(207) 865-4761
340		**Leo Burnett**/advertising	253	1,550	Chicago, IL	(312) 565-5959
341		**Atlanta Newspapers**/newspapers	250	5,300	Atlanta, GA	(404) 526-5151
342		**Barber-Colman**/industrial machinery	250	4,000	Rockford, IL	(815) 397-7400
343		**Bigelow-Sanford**/textiles	250	2,400	Greenville, SC	(803) 299-2000
344		**A Duda & Sons**/agribusiness	250	1,500	Oviedo, FL	(305) 365-2111
345		**Exide**/batteries	250	2,300	Horsham, PA	(215) 674-9500
346		**Gardinier**/fertilizer	250	1,100	Tampa, FL	(813) 677-9111
347		**Global Resources**/scrap metal	250	600	Fort Wayne, IN	(219) 422-5541
348		**Globe Oil Co USA**/convenience stores	250	1,000	Chamblee, GA	(404) 458-8100
349		**Gordon Food Service**/food wholesaler	250	800	Grand Rapids, MI	(616) 530-7000
350		**WL Gore & Associates**/products made of Teflon	250	2,700	Newark, DE	(302) 738-4880
351		**Hale-Halsell**/food wholesaler	250	450	Tulsa, OK	(918) 835-4484
352		**Haworth**/furniture	250	2,000	Holland, MI	(616) 392-5961
353		**Hydril**/oilfield equipment	250	2,000	Los Angeles, CA	(213) 749-4180
354		**Paul Inman Associates**/food broker	250	190	Farmington, MI	(313) 626-8300
355		**TL James & Co**/construction	250	3,000	Ruston, LA	(318) 255-7912
356	•	**Kaiser Agricultural Chemicals**/fertilizer	250	650	Port Wentworth, GA	(912) 964-4311
357		**LCP Chemicals & Plastics**/chemicals	250	1,100	Edison, NJ	(201) 225-4840
358		**Lennox Industries**/heating and air conditioning equip	250	4,500	Dallas, TX	(214) 980-6000
359		**Linbeck Construction**/construction	250	1,750	Houston, TX	(713) 621-2350
360		**Lincoln Inds**/elevators, textbooks	250	600	Lincoln, NE	(402) 467-4481

•Went private via leveraged buyout within last five years. *Shareholders to vote Nov. 19 on proposal to take company private.

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
361	**Foodtown Mel Markets**/grocery stores	$250	2,500	E Rockaway, NY	(516) 887-3910
362	**National Distributing**/wholesale distr alcoholic beverages	250	1,400	Atlanta, GA	(404) 696-9440
363	**Pulitzer Publishing**/newspapers	250	1,600	St Louis, MO	(314) 622-7000
364	**Spartan Mills**/textiles	250	4,900	Spartanburg, SC	(803) 574-0211
365	**TIC United Corp**/trucking, farm equipment, forgings	250	2,000	Dallas, TX	(214) 559-0580
366	**Washington Industries**/apparel	250	955	Nashville, TN	(615) 244-0600
367	**Cactus Feeders**/feed lots	249	280	Dumas, TX	(806) 935-7176
368	**HC Prange**/retail	247	6,000	Sheboygan, WI	(414) 457-3611
369	**Al Cohen Construction**/construction	246	180	Denver, CO	(303) 455-8800
370	**James Ferrera & Sons**/grocery stores	246	900	Canton, MA	(617) 828-6150
371	**GFV Communications**/coupon inserts	246	770	Farmington Hills, MI	(313) 553-9400
372	**Empire Inc**/oil and gas	245	1,300	Lebanon, MO	(417) 532-3101
373	**Capucci Creations International**/apparel	244	505	Beverly Hills, CA	(213) 275-0700
374	**HR International**/engineering services	244	275	Edison, NJ	(201) 287-2111
375	**Riedel Resources**/construction, concrete	244	2,000	Portland, OR	(503) 285-9111
376	**Carlson Group**/construction	243	500	Cochituate, MA	(617) 969-1200
377	**Barton-Malow**/construction	240	600	Detroit, MI	(313) 548-2000
378	**Beverage Management**/soft drinks	240	2,000	Columbus, OH	(614) 846-9800
379	**Flying J**/petroleum	240	1,800	Brigham City, UT	(801) 734-9416
380	**Inductotherm Inds**/induction, melting, heat equipment	240	2,700	Rancocas, NJ	(609) 267-9000
381	**Irvine Co**/real estate development and management	240	1,200	Newport Beach, CA	(714) 720-2000
382	**Whiting-Turner Construction**/construction	240	1,500	Baltimore, MD	(301) 821-1100
383	• **Williamhouse-Regency**/printing	240	3,700	New York, NY	(212) 691-2000
384	**Menasha**/packaging	239	2,500	Neenah, WI	(414) 729-0200
385	**DEC Intl**/industrial machinery, food processing	235	825	Madison, WI	(608) 222-4778
386	**Koll**/construction and real estate	235	650	Newport Beach, CA	(714) 833-3030
387	**Sealaska**/food processing, resources, building materials	234	1,133	Juneau, AK	(907) 586-1512
388	**American Rice**/food processing	233	408	Houston, TX	(713) 869-8241
389	**Berwind**/natural resources	232	2,296	Philadelphia, PA	(215) 563-2800
390	**Cowles Media**/newspapers	232	3,300	Minneapolis, MN	(612) 375-7000

Bumble Bee tuna has been canned privately since Castle & Cooke sold the business this year.

391	**Bumble Bee Seafoods**/tuna canning	230	1,780	San Diego, CA	(619) 235-0160
392	**Joyce Beverages**/soft drinks	230	1,500	New Rochelle, NY	(914) 632-7060
393	**Continental Cablevision**/broadcasting	226	3,000	Boston, MA	(617) 742-9500
394	**Commonwealth Co**/electrical contracting	225	3,500	Lincoln, NE	(402) 474-1344
395	**Darr Equipment**/construction equipment	225	1,050	Irving, TX	(214) 721-2000
396	**Dinwiddie Construction**/construction	225	750	San Francisco, CA	(415) 986-2718
397	**Handy-Andy**/grocery stores	225	1,300	San Antonio, TX	(512) 828-0028
398	**Litvak Meat Co**/meatpacking	225	225	Denver, CO	(303) 288-0766
399	**Lone Star Co**/wine and liquor distributor	225	750	Dallas, TX	(214) 243-1009
400	**Martin Gas Sales**/trucking, natural gas utility	225	535	Kilgore, TX	(214) 984-8571

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

This alphabetical listing shows the relative sales ranking of the 400 largest private companies in the U.S. The numerical ranking begins on page 131. For an explanation of rules, definitions and sources, see story that begins on page 128.

Company	Rank	Company	Rank	Company	Rank
Aarque Cos	189	Avondale Industries	45	Carlson Cos	13
ACF Industries	70	Avtex Fibers	283	Carlson Group	376
Advance Publications	17	Barber-Colman	342	ER Carpenter	274
Albany International	234	Bartlett Agri Enterprises	117	CEI Construction	144
Fred W Albrecht Grocery	243	Barton-Malow	377	Central Newspapers	236
Aldinger Walbridge	196	Bass Enterprises	118	CF Industries	68
Algonquin Energy	84	Ted Bates Worldwide	209	Chatham Super Markets	212
Allegheny Ludlum Steel	91	Battelle Memorial Institute	176	Chemcentral	249
Allied Van Lines	185	AJ Bayless Markets	232	Club Corp of America	268
Almac's	247	LL Bean	339	Coca-Cola Bottling Co of NY	158
Amerace	264	Bear, Stearns & Co	24	Al Cohen Construction	369
Amerco	102	Bechtel Group	6	Colonial Oil Industries	272
American Brass	262	Belk Brothers	28	Colonial Sugars	286
American Cast Iron Pipe	281	Beloit	190	Columbian Enterprises	149
American Forest Products	154	LM Berry & Co	112	Commonwealth Co	394
American National Insurance	89	Berwind	389	Conair	332
American Rice	388	Beverage Management	378	Cone Mills	111
American Seaway Foods	313	Bigelow-Sanford	343	Congoleum	57
American Sterilizer	320	Blue Bell	51	Connell Rice & Sugar	58
Amstar	43	Bourns	248	Consolidated Cos	287
Amway	47	Boyd Group	284	Consumers Markets	326
Anchor Glass Container	186	Boy's Market	191	Continental Cablevision	393
Andersen Corp	142	Brand-Rex	310	Continental Grain	2
Arthur Andersen & Co	56	Bromar	285	Coopers & Lybrand	106
The Andersons	105	Brookshire Grocery	180	Copley Newspapers	250
Anschutz	155	Builder Marts of America	171	Cowles Media	390
CR Anthony	204	Bumble Bee Seafoods	391	Cox Enterprises	36
Apex Oil	3	Leo Burnett	340	Crowley Maritime	92
ARA Services	9	HE Butt Grocery	25	Dan River	122
Arcata	125	C&S Wholesale Grocery	271	D'Arcy, Masius, Benton & Bowles	113
Asplundh Tree Expert	242	Cactus Feeders	367	Darr Equipment	395
Associated Food Stores	123	California and Hawaiian Sugar	157	Dart Drug Stores	329
Associated Grocers	137	California Home Brands	312	Day & Zimmermann	288
Atalanta	328	Calvin Klein Limited	334	Dayton-Walther	316
Atlanta Newspapers	341	Cannon Mills	79	DEC International	385
Atlantic Processing	282	Capucci Creations International	373	Delaware North Co	93
Atlantic Refining & Marketing	156	Cardinal Industries	187	Deloitte Haskins & Sells	182
Austin Industries	213	Cargill	1	Demoulas Super Markets	94

The Largest Private Companies in the U.S.

Company	Rank	Company	Rank	Company	Rank
Denny's	46	Golden State Foods	108	ICC Industries	296
Dick Corp	289	Goldman, Sachs & Co	219	Imperial Clevite	162
Dillard Paper	317	Golub	109	Imperial Sugar	330
Dillingham	29	Gordon Food Service	349	Inductotherm Industries	380
Dinwiddie Construction	396	WL Gore & Associates	350	Ingles Markets	181
Dr Pepper	133	Granite Construction	291	Ingram Industries	97
Dominick International	135	Graybar Electric	26	Paul Inman Associates	354
Dominick's Finer Foods	38	Green Bay Packaging	333	Irvine Co	381
Drexel Burnham Lambert	59	B Green & Co	292	TL James & Co	355
Louis Dreyfus	12	Greenwood Mills	293	Jerseymaid Milk Products	265
Drummond Co	119	Grocers Supply Co	159	Jitney-Jungle Stores of America	277
Dubuque Packing	137	SJ Groves & Sons	205	A Johnson & Co	40
Duchossois Enterprises	136	Guardian Industries	143	SC Johnson & Son	18
A Duda & Sons	344	Gulf Consolidated Services	76	Journal Co	261
Dunavant Enterprises	60	Gulf States Toyota	127	Joyce Beverages	392
E-Z Serve	71	Hale-Halsell	351	Jupiter Industries	319
Early & Daniel	251	Hallmark Cards	30	K&B	266
Empire Inc	372	Handy-Andy	397	Kaiser Agricultural Chemicals	356
Encyclopaedia Britannica	280	Harbert	222	Ben E Keith	163
Ernst & Whinney	78	Harley-Davidson Motor	294	Kendavis Holding	62
Esprit de Corp	80	Harte-Hanks Communications	174	Kidder, Peabody	87
Estée Lauder	48	Hartz Mountain	146	Peter Kiewit Sons	52
William Esty	139	Haworth	352	King Kullen Grocery	184
Exide	345	HBE Corp	239	Koch Industries	4
Fareway Stores	337	HCB Contractors	210	Kohler	199
Farley Industries	15	Healthco	325	Koll	386
FCX	311	Hearst	33	Krasdale Foods	297
Fedco	126	Helmsley, Spear	61	Lamb Technicon	298
Ferrell Cos	221	Herbalife International	172	LCP Chemicals & Plastics	357
James Ferrera & Sons	370	HR International	374	Lennox Industries	358
Fidelity Investments	290	Hillman Co	73	Leslie Fay	200
Fiesta Mart	273	Home Interiors & Gifts	252	Levi Strauss & Co	14
First National Supermarkets	35	Horsehead Industries	96	Levitz Furniture	85
Flying J	379	Houdaille Industries	160	Alfred M Lewis	116
Foodtown Mel Markets	361	JM Huber	151	Linbeck Construction	359
Formica	321	Roy M Huffington	295	Lincoln Industries	360
Freedom Newspapers	269	Hughes Corp	231	Lincoln Property	22
George A Fuller	218	Hughes Markets	246	Litvak Meat Co	398
EJ Gallo Winery	120	The Hunt Corp	161	Lone Star Co	399
Gardinier	346	Hunt Energy	223	Lufkin Industries	335
Gates Rubber	115	Hunt Oil	31	Lumbermen's Merchandising	279
General Felt Industries	235	Hutzler's	224	Lykes Bros Steamship	217
GFV Communications	371	Hy-Vee Food Stores	44	Malone & Hyde	11
Giant Eagle	39	Hyatt Hotels	34	Maritz	152
Gilbane Building	95	Hydril	353	Marley	164
Global Resources	347	Hyplains Dressed Beef	253	Mars	8
Globe Oil Co USA	348	Hyster	211	Martin Gas Sales	400
GNB	238			Mary Kay Cosmetics	322

The Largest Private Companies in the U.S.

Company	Rank
McAndrews & Forbes Holdings	98
McCall Oil & Chemical	278
McClatchy Newspapers	338
McDevitt & Street	150
McJunkin	299
McLane	41
McWane	300
Meijer	63
Mellon Stuart Holding	216
Menasha	384
Merchants Distributors	237
Metallurg	128
Metromedia	134
Fred Meyer	32
Microdot	240
Milliken & Co	19
Minyard Food Stores	254
Mocatta Metals	5
H Molsen & Co	301
Moorman Manufacturing	206
Morgan Stanley & Co	129
MA Mortenson	275
Nash Phillips/Copus	188
National Distributing	362
NES	104
Nibco	327
NJ Manufacturers Ins and Reinsurance Co	215
North Pacific Lumber	165
Ohio Valley Electric	314
Oklahoma Publishing Co	192
Otasco	302
Pace Industries	21
Pacific Northern Oil	241
Packerland Packing	175
Pamida	198
RB Pamplin	225
The Pantry	263
Parsons & Whittemore	130
Parsons Corp	75
Peat, Marwick, Mitchell & Co	37
CL Peck Contractor	183
Perdue Farms	101
Phelps	207
Philips-Van Heusen	141
Pickens-Bond Construction	303
Piggly Wiggly Southern	148
Pilgrim Industries	193
Potamkin Cadillac	103
HC Prange	368
Price Waterhouse	145
Publix Supermarkets	10
Pulitzer Publishing	363
Racetrac Petroleum	233
Raley's	81
Randall Stores	304
Rapid-American	23
Raymond International	74
Rayovac	226
Reader's Digest Associates	42
Reliance Steel & Aluminum	318
Renfield	69
Rich Products	131
Richfood	72
Riedel Resources	375
Rinker Materials	270
Ris Paper	305
Rock Island Refining	132
Rodgers Cos	323
Roger Williams Food	315
Roseburg Forest Products	194
Rosenthal Cos	255
Roundy's	55
Sammons Enterprises	53
Schnuck Markets	66
Schreiber Foods	166
Schwan's Sales Enterprise	167
Schwegmann Giant Supermarkets	202
Science Applications International	214
Sealaska	387
Sealy	177
SFN	244
Shaw's Supermarkets	99
Shurfine-Central	147
Signode Industries	90
JR Simplot	49
Simpson Timber	86
Smith Barney, Harris Upham & Co	121
Southwire	138
Spalding & Evenflo	324
AG Spanos Cos	110
Spartan Mills	364
Sprague Resources	256
Steelcase	50
Steuart Petroleum	220
Stowe Mills	306
Stroh Brewery	27
Superior's Brand Meats	173
Sweet Life Foods	67
Swinerton & Walberg	201
Tang Industries	259
Tauber Oil	168
Taubman Co	307
Taylor & Sledd	257
Thomson McKinnon Securities	267
3 Beall Brothers 3	276
Ti-Caro	331
TIC United Corp	365
Ron Tonkin Cos	245
Touche Ross & Co	203
Trailways	195
Trammel Crow Residential Cos	64
TransAmerican Natural Gas	169
Transammonia	82
Triangle Publications	77
Twentieth Century-Fox Film	88
UIS	178
Uniroyal	16
United Parcel Service	7
United Van Lines	153
URM Stores	308
USA Petroleum	170
Vanguard Energy	227
Vantage Cos	100
Vista Chemical	140
Vitt Media International	309
Warren Equities	114
Washington Industries	366
Wawa	336
Wegmans Food Markets	124
Weinstein International	20
Weirton Steel	65
Wheaton Industries	228
Whiting-Turner Construction	382
Wilbur-Ellis	197
Williamhouse-Regency	383
Wometco Enterprises	258
World Carpets	229
WWF Paper	230
Wyatt	83
Young & Rubicam	179
Arthur Young	54
Youngs Market	260
HB Zachry	208

typically a mother with a child or two," explains Kenneth Defren, manager of corporate communications. "Mothers are our constituency. We appeal to them by design."

But GF doesn't seem to be insisting on a direct connection. How else account for yet another GF campaign, the one linking Maxwell House coffee to the fight against muscular dystrophy, which the company has mounted every fall for five years? However worthy the cause, it's hard to see a direct link between coffee drinkers and that particular affliction.

Not all causes make marketing sense, of course. An overwhelmingly popular cause may overwhelm the sponsor. A controversial cause—tackling teenage pregnancy through better sex education, say—might embroil a company in controversy.

In its latest cause-related gambit, in fact, American Express has decided to design a cause of its own. In a $6 million campaign launched this fall, the company is encouraging the use of its services by promising contributions to Project Hometown America. What's that? An organization created by American Express to funnel funds to grassroots projects aimed at a variety of problems—the homeless, teenage alcohol and drug abusers. American Express expects to raise about $3 million by December.

There seems to be at least a potential for a marketing miscalculation here. True, the company has insulated itself from the decision-making process by choosing a board of volunteers from United Way, the Girl Scouts and other old-line organizations to decide how Project Hometown America funds will be spent. But a month after the campaign's debut, American Express had already received 60 proposals and over 6,000 requests for more information. Isn't there a risk that rejected grassroots groups will blame American Express if there's not enough money to go around? "People see us as a new source of support and encouragement," says Welsh. But the company may still wind up wishing it had stuck with the Statue of Liberty.

A Tang-sponsored March Across America

Post cereals' and Pacific Bell's "Cali Quail" promotion
"Mothers are our constituency."

Ed Kashi

Regional cable programmers are signing up sports teams quicker than Dwight Gooden can throw a fastball. Will viewers and advertisers follow?

Buying the true believers

John Cooleen is a sports fan with a problem. Cooleen, 25, a government bond broker for a small Manhattan firm, grew up on Long Island and is an avid fan of the Islanders hockey team. Like other Islander supporters, he has been accustomed to seeing as many as 20 Islander games per season free on WOR-TV, a local independent television station. This season Cooleen will see none. Reason: SportsChannel, a local pay-TV cable service jointly owned by the Washington Post Co., CBS and New York cable-television entrepreneur Charles Dolan, now has exclusive rights to televise Islander games in the New York area.

Cooleen can afford to pay SportsChannel's $8 monthly fee, but he won't have the chance. He now lives in Brooklyn, which is not yet wired for cable. "Not fair," Cooleen gripes. Will he switch his loyalties to the New York Rangers, whose games can still be viewed on broadcast TV? "I might," he says, "but I'd also get cable as soon as I could."

Welcome to the untidy world of pay-TV sports. Over the past few

SportsChannel manager Thomas Chestnut and Islanders owner John Pickett
Brooklyn, for now, is among the missing.

Rob Kinmonth

Marketing

years about two dozen regional cable sports networks have sprung up around the country, locking up all or part of the television rights to hometown teams.

The cable services can't compete with the networks for the hottest attractions, like the National Football League games and baseball's league playoffs and World Series. But big pieces of other professional sports seasons, including basketball and baseball, are showing up in their hometowns exclusively on cable. "SportsChannel even has the rights to the Stanley Cup playoffs in the New York area," says Thomas Chestnut, general manager of the cable programmer. (That is, if the Islanders get that far this year.)

John Cooleen is a tempting target—hard-core sports fan, male, in the 21-to-49 age bracket—but beer and auto advertisers will have to reach him

The top regional cable sports networks

Survival is assured to none of the new sports services. Those with the best chance of making it serve the largest metropolitan areas and can offer something approaching year-round programming.

Major markets	Network	Teams	Owners	Subscribers (thousands)
New York	**Madison Square Garden Network**	NY Knicks, NY Rangers	Gulf & Western	1,800*
Los Angeles	**Prime Ticket Network**	LA Lakers, LA Kings, LA Lazers	Daniels & Assoc/Jerry Buss	800*
New York	**SportsChannel NY**	NY Mets, NY Yankees, NY Islanders, NJ Nets	Washington Post/CBS/ Rainbow Programming	430
Philadelphia	**Prism**	Phila Phillies, Phila 76ers, Phila Flyers	Washington Post/CBS/ Rainbow Programming	380
Detroit	**Pro Am Sports System (PASS)**	Detroit Tigers, Detroit Pistons	John E. Fetzer	104* 87
Washington, DC	**Home Team Sports**	Balt Orioles, Washington Bullets, Washington Capitals	Group W Satellite Communications	180
Chicago	**SportsVision**	Chicago Blackhawks, Chicago Bulls, Chicago White Sox	Washington Post/CBS/ Rainbow Programming	110* 49
Dallas, Houston	**Home Sports Entertainment**	Houston Astros, Texas Rangers, Houston Rockets, Dallas Mavericks, NJ Devils	Houston Sports Assn	140
New England	**SportsChannel New England**	Boston Celtics, Hartford Whalers	Washington Post/CBS/ Rainbow Programming	95
New England	**New England Sports Network**	Boston Red Sox, Boston Bruins	Storer Comm/Boston Red Sox/ Boston Bruins	69

*Service comes free with cable subscription.

Source: QV Publishing

some other way, for now. In the world beyond Brooklyn, however, cable sports programming services have a good deal more to offer these days. Viewership of free, over-the-air network sports has slipped slightly over the last few years, in part because of cable competition.

Besides, advertisers like cable viewers as such because they tend to have more money to spend than broadcast viewers. "We are interested in people who have paid a premium to have this sports service in their home," says David Martin, an advertising executive at Stroh Brewery, which plans to spend $3.5 million on cable sports buys this year. That's only 5% of the company's $85 million ad budget, but twice what Stroh spent for cable buys last year.

For all that, it's far from clear that sports on cable TV is here to stay as a business. High startup costs have caused the several sports networks to fold this year alone, including services in St. Louis, Milwaukee and Minneapolis. Nevertheless, some investors with deep pockets are giving it a serious try *(see table, p. 252)*, to the immediate benefit of some team owners, at least. "This year, cable will pay us four or five times what WOR-TV did," says Islanders owner John O. Pickett. "Now," Pickett says, "we can be five times as competitive in the market for players."

Some teams are investing as well. The Boston Bruins and Boston Red Sox, for example, each own a share of New England Sports Network. The Los Angeles Dodgers are partners with Metromedia.

Cable audiences are still small compared with broadcast TV, and they don't come cheap. A 30-second WPIX-TV broadcast spot on a New York Yankees game might have a typical cpm—or cost per thousand households—of $12.63. A typical *SportsChannel* New York game would have a cpm of about $16.

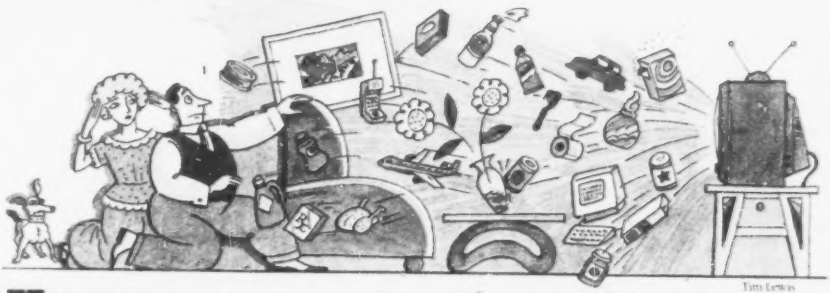
So cable time remains a hard sell. The regional sports networks now manage to sell only about 50% to 75% of the twenty 30-second spots available per hour, according to Dantia Quirk, editor and publisher of *Cable Sports Newsletter*.

The sell will get easier only if fans sign up in sufficient numbers. A cable network needs at least 150,000 subscribers before it can begin to break even on its subscriber revenues. So far only a handful—New York's SportsChannel and Philadelphia's Prism, among them—have reached those subscriber levels. Many observers insist that only the largest markets in the country, with year-round sports programming, can support a regional cable network.

For the club owners another question looms, a sort of conflict of self-interest. The cable services understandably want exclusivity, or as close to that as they can get, to motivate potential subscribers. Many team owners, however, are unwilling to give it. Even the Boston Red Sox won't give an exclusive deal to the cable network it partly owns. "You want to keep people enthused about the Red Sox by seeing them on regular television," says Red Sox General Manager Lou Gorman, "you want to introduce them to baseball." The commissioner of baseball's contract with the networks, insuring several games a week on free TV, does not expire until 1989.

The owners of pay-TV services take a longer view. "In the late 1980s we expect a certain scarcity of sports programming over the air," says Joel Chaseman, a Washington Post Co. cable executive. "We'll have it, and people who are sports fans will have to watch it from us."—**Janet Bamford**

Time and emotion studies



HOW MUCH SELLING power can you pack on the head of a pin? With the television networks, led by CBS, starting to sell commercial time in units as small as 15 seconds this fall, we're about to find out. Anxious grumbles from clients and their agencies about the resulting "clutter" persist, but in the meantime the creative types who have to get on with the job are already discovering some tricks.

The J. Walter Thompson agency, in a joint study with ABC-TV, found that 15s work best for well-known brands that use straightforward, informational advertisements. They also work well at building consumer awareness for new products. At their best, says Thompson, 15s can be up to 80% as effective as traditional 30-second commercials—at little more than half their cost.

But some types of products just don't seem to work on 15s. "We've found that the more emotional a product's ad campaign," says Edith Gilson, senior vice president at J. Walter Thompson, "the less effective short commercials are." When consumers are used to an emotional pitch, as in perfume ads, effectiveness for the 15-second spots could be as low as 30% of 30-second spots. Stephen Novick, director of broadcast production at Grey Advertising, agrees. Says Novick: "There's not enough time in 15-second commercials for music or dialog to have an emotional impact."

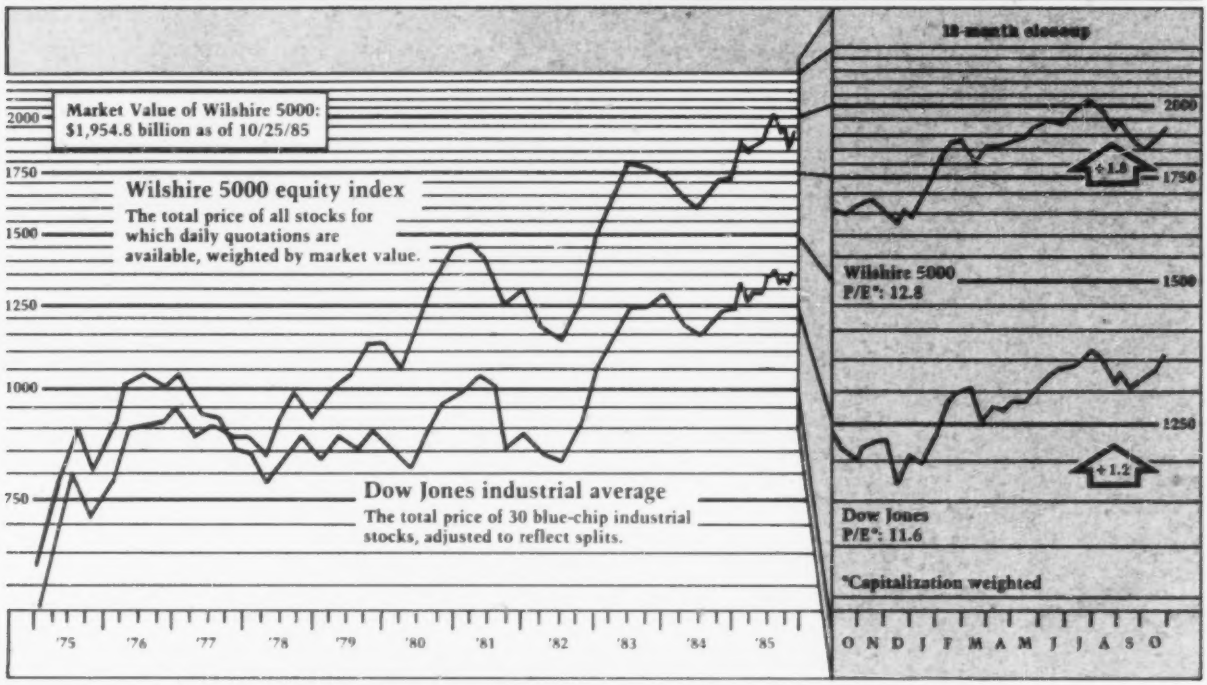
General Foods is already running 15-second spots for eight of its best-known products, including JELL-O, Kool-Aid and Sanka. "We're not relying on them to tell the whole story," says Robert Haynes, director of creative services, "but they reinforce our message."

But Haynes is reluctant to use the 15s to push GF's line of spice-flavored International Coffees, whose commercials rely heavily on dialog. In one current 30-second commercial for the product, two women on the porch of a vacation home catch up on old times in a spirit of warm intimacy while their husbands sleep late off-camera. GF's coffee is positioned as a treat to make the occasion more special—a hard situation to dramatize in the blink of an eye.

Despite some tempting incentives to cut production costs, many agencies will resist efforts to pare existing 30s down to 15s. Says Novick: "Bastardizing longer commercials just doesn't work. Usually the concepts are too involved—the music and dialog seem choppy." Says Charles Miesmer, a senior vice president at BBDO: "You run the risk of looking as though you're just trying to fast-talk someone."—**Jill Andresky**

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



It can be tough breaking old records. During the most recent two-week period the Dow industrials reached a new high of 1369 before settling back and posting only a 1.2% gain. The secondary market finished higher than the Dow: Nasdaq shares led with a 2.7% gain, while Amex shares moved up 1.7%. The Wilshire index of more than 5,500 issues gained 1.8%. The Nasdaq, up 17% over the past 52 weeks, now shows the best performance. The Amex, still hampered by its overemphasis on small energy companies, places last, with an 8.3% gain.

Optimists see in the recent strength of Nasdaq the beginning of a broad-based rally. On the other hand, the new peak in the Dow came with relatively lackluster volume, and this trading activity has been propped up by merger activity and speculation. And with the Wilshire's current P/E of 12.8 there may not be too much more room for the market to rise—especially in light of the rather unexceptional third-quarter earnings now being reported.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.3	3.7	2.7	3.4	2.2	3.3
in last 52 weeks	14.2	15.9	12.6	13.7	8.3	17.0

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.8	2.5	4.6	2.9	1.7	3.6	3.5	2.7	6.5	3.4	3.9	0.1
in last 52 weeks	17.0	16.0	23.8	25.7	10.2	21.9	21.2	25.2	24.5	23.8	25.8	5.3

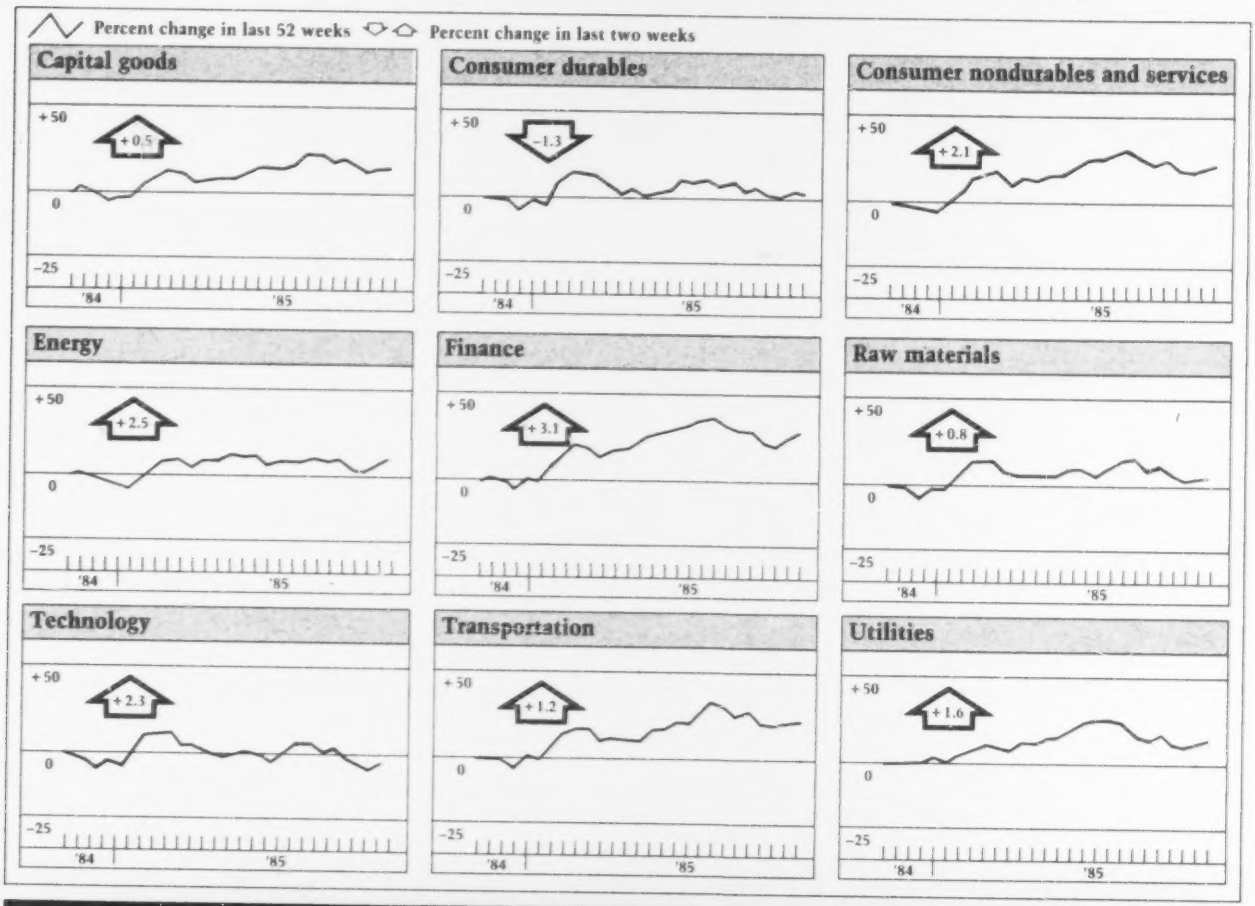
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/25/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Tired of takeovers? Litton Industries, one of the biggest gainers, up 19% during the last two weeks, profited from takeover rumors. Southland Royalty jumped 28% after Burlington Northern announced plans for a tender offer. And Standard Oil of Ohio rose 14% on rumors that British Petroleum will try to acquire the shares that it doesn't already own.

Helped by the merger talk, energy issues did best, up 2.5% for the fortnight. Technology issues did almost as well, for fundamental reasons. Improved earnings for Digital Equipment and better than expected earnings for Apple Computer spurred these shares. The only group to lose ground during this stretch was consumer durables, where General Motors and Ford were weak.



What The Analysts Think

Gnawing away. For every 1985 estimate that they raise, analysts are cutting at least three other estimates. During the last two- and four-week periods the cuts have been pretty much across the board. Only consumer goods sectors managed to eke out slight upward revisions. Shares chopped the most: transportation.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.28	11.9
1985 estimates	3.77	10.3
1986 estimates	4.38	8.9

Rank based on change in estimate	Sector	Estimated 1985 EPS	Estimated 1985 P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Consumer nondurables	$2.36	13.0	0.89%	0.77%
2	Consumer durables	4.94	8.2	0.40	0.18
3	Finance	3.11	10.3	-0.25	-0.24
4	Utilities	3.45	7.9	-0.26	-0.31
5	Energy	3.44	8.8	-0.57	-1.14
6	Capital goods	2.54	12.4	-1.46	-1.81
7	Technology	2.51	13.1	-1.70	-2.77
8	Raw materials	1.81	13.7	-2.09	-3.21
9	Transportation	2.41	11.0	-3.00	-4.80

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 10/25/85. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kitchen

HOW DID THE PROFESSIONALS DO last quarter? Worse than the market. The Trust Universe Comparison Service, maintained by Santa Monica, Calif.-based Wilshire Associates, monitors 3,700 pension portfolios. That sample represents approximately 20% of the estimated $1.3 trillion total U.S. pension assets. TUCS says that institutional equity accounts had a total return—dividends plus capital gains or losses—of minus 4.7% for the quarter. Meanwhile, the Wilshire index of 5,500 stocks—the stock market as a whole—lost slightly less: 4.3%.

Diversified equity managers—generalists—did better than others, with a median total return of minus 2.5%. Emerging growth portfolios suffered the biggest declines, a median of minus 5.8%. Value managers—professed followers of Ben Graham—helped by merger activity in defensive food stocks, have the best 12- and 24-month records. This is the kind of market where the value approach really shines; a roaring bull market will tend to favor investors who chase riskier stocks.

Overall the quarter was better for bonds than for stocks. Convertible bonds and preferreds were off 1.5%, while straight bonds returned 2.2%.

Over the last 12 months the pattern was similar to that of the latest quarter. Fixed-income investments showed a total return of 21.7%, as compared with 13.5% for equities. For the past year the most disappointing area for professional investors was the "other" category, which includes real estate, foreign investments, venture capital and guaranteed insurance contracts. This did only about one-third as well as equities.

Even as the stock market was slumping, corporations were pulling money out of their pension funds to dress up their own balance sheets. The minus 1.8% figure at right under "shift in institutional holdings" shows declines in fund balances above and beyond the negative returns.

Corporations can justify drawing money out of their pension plans by adopting more generous assumptions about long-term performance of the investments. The termination of overfunded plans—common in corporate restructurings—also plays a role here.

The biggest withdrawal of funds, the minus 21.7% in the "other" category, may reflect fears that investors have about losing tax breaks for real estate. Pension funds don't pay taxes, but tax reform could cut resale values.

Where the institutions put their money

Segment	—Portfolio weighting— most recent quarter	previous quarter
Equity	55.4%	56.8%
Fixed income	29.4	28.1
Cash and equivalents	11.5	10.4
Convertibles	0.8	0.9
Other[1]	2.9	3.8

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	13.0	12.6
Dividend yield	3.7%	4.8%
Beta[2]	1.02	1.07
Price/sales	1.04	1.02
Price/book	2.05	2.02

Segment performance and cash flows

Segment	—Most recent quarter— median total return	shift in institutional holdings	——Latest 12 months—— median total return	shift in institutional holdings
Equity	–4.7%	0.8%	13.5%	0.4%
Fixed income	2.2	–0.5	21.7	–3.5
Cash equiv	2.0	0.9	9.0	–11.0
Convertibles	–1.5	–6.4	19.3	–5.3
Other[1]	2.0	–10.0	4.7	–21.7
Total	–1.1	–1.8	16.0	–6.2

How different managers performed

Manager style	Total return— recent quarter	12 months	24 months
Diversified	–2.5%	15.6%	11.1%
Growth	–5.2	12.3	4.0
Growth–emerging	–5.8	12.3	2.9
Market timer	–3.6	12.4	5.2
Sector rotator	5.1	13.1	5.8
Value	–3.7	16.3	12.5

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
Amoco	5.6%	3.7%	American Express	–1.9%	–11.9%
Chevron	3.9	0.6	Fed Dept Strs	–1.5	–11.7
Digital Equip	2.4	15.5	American Brands	–1.4	–16.0
Exxon	1.5	–2.1	Citicorp	–1.3	–16.9
Vulcan Materials	1.5	5.2	CBS	–1.2	–4.5
NWA	1.3	–10.7	Bristol-Myers	–1.2	–11.3
FPL Group	1.2	–8.9	Schlumberger	–1.1	–10.6
MCA	1.1	15.6	Gen Elec	–1.1	–6.2
USG	0.9	–11.4	Toys "R" Us	–1.1	–2.0
Phillips Pete	0.9	7.6	Phibro-Salomon	–1.1	–17.3

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts.
[2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P's 500.
Note: Data for quarter ending 9/30/85. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
	% of			% of	
Security	institutional universe	Wilshire 5000	Security	institutional universe	Wilshire 5000
Digital Equipment	0.7%	0.4%	Exxon	0.7%	2.3%
Federated Dept Stores	0.5	0.2	AT&T	0.4	1.3
Lockheed	0.4	0.2	IBM	3.6	4.4
SmithKline Beckman	0.5	0.3	General Electric	1.1	1.5
McDonald's	0.5	0.3	Amoco	0.6	1.0
Boeing	0.6	0.4	BellSouth	0.3	0.7
Philip Morris	0.7	0.5	EI du Pont de Nemours	0.4	0.8
Ford Motor	0.7	0.5	Standard Oil of Ohio	0.2	0.6
Waste Management	0.4	0.2	Allied-Signal	0.1	0.4
American Brands	0.3	0.2	Royal Dutch Petroleum	0.6	1.0

Filling up. Professional money managers are still light on energy stocks, even though they were net purchasers of the major oils last quarter. Energy stocks rose from 7.1% of the institutional portfolio in the second quarter to 7.8% in the third. The table at left, "Position changes," shows that four oils are ranked in the list of the top ten companies, with the greatest increases in institutional holdings over the last quarter.

Portfolio managers also increased their holdings in consumer durables, raw materials and technology. The rise in technology holdings from 13.5% to 13.7% of the portfolio could be signaling an end to the prolonged slump for this group. Meanwhile, institutions were heavy sellers of interest-sensitive shares, particularly in the finance sector, and, to a lesser extent, in the utilities group. Capital goods and transportation holdings were also cut.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	4.4% 4.7%	Consumer durables	5.0% 4.2%	Consumer nondurables	25.1% 27.7%
	total return		total return		total return
General Electric	– 6.2%	General Motors	– 5.3%	Philip Morris	–11.1%
Westinghouse Electric	10.4	Ford Motor	– 0.6	McDonald's	– 5.0
Emerson Electric	– 5.1	Chrysler	– 1.4	SmithKline Beckman	– 7.2
Caterpillar Tractor	7.2	Goodyear Tire & Rubber	– 5.9	Federated Department Stores	–11.7
Deere & Co	–17.5	RCA	–12.1	American Home Products	– 6.0
Energy	**7.8% 7.1%**	**Finance**	**11.1% 12.9%**	**Raw materials**	**10.3% 10.0%**
	total return		total return		total return
Exxon	– 2.1%	American Express	–11.9%	EI du Pont de Nemours	0.0%
Atlantic Richfield	4.7	Citicorp	–16.9	Waste Management	– 5.0
Royal Dutch Petroleum	9.3	Phibro-Salomon	–17.3	Dow Chemical	– 2.6
Amoco	3.7	American Intl Group	0.4	Monsanto	– 3.0
Schlumberger	–10.6	General Re	– 2.6	Union Carbide	20.0
Technology	**13.7% 13.5%**	**Transportation**	**3.3% 3.6%**	**Utilities**	**7.6% 7.3%**
	total return		total return		total return
IBM	1.0%	Burlington Northern	1.0%	Southwestern Bell	– 5.5%
Digital Equipment	15.4	AMR	–17.5	AT&T	–12.8
Boeing	2.0	Federal Express	– 1.1	GTE	– 1.8
Lockheed	– 7.5	Norfolk Southern	0.7	Nynex	–10.8
Hewlett-Packard	– 7.0	CSX	– 6.6	US West	– 7.5

DECEMBER 2, 1985 THREE DOLLARS

-3950-1

Forbes

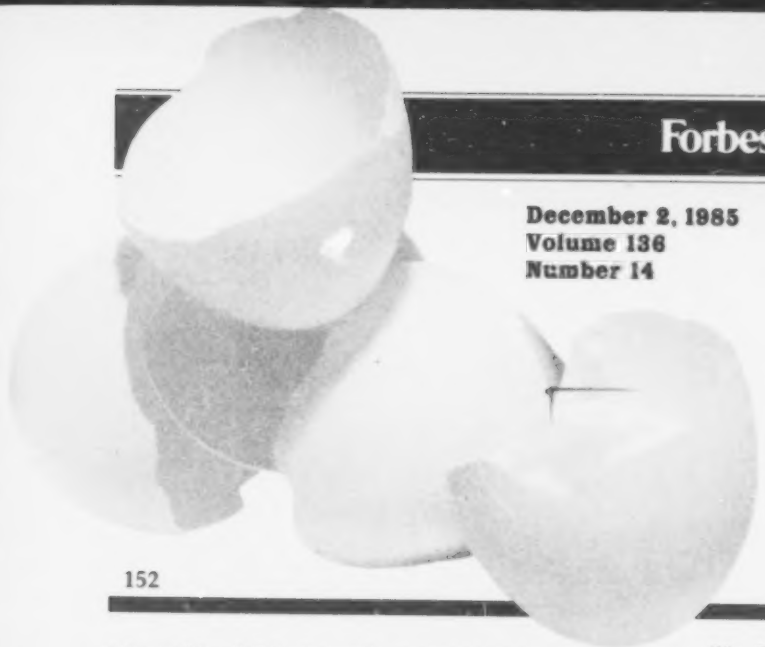
NEW ISSUES

WHO'S HATCHED THE WINNERS?

********** CAR-RT SORT ** C802
T291037A SZ ZZ 0046
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes

December 2, 1985
Volume 136
Number 14



152

38

The editorial index of companies referred to in this issue is on pages 276 and 277.

Companies

41 Volkswagenwerk A.G.
The German carmaker is about to steal a march on European competitors by acquiring SEAT, the Spanish car producer.

42 General Motors
Its new plant in Hamtramck, Mich. is a source of enormous pride . . . and headaches.

48 Maxicare Health Plans, Inc.
How do you make money in the health care business these days? The same as in any other: savvy marketing, shrewd management and rock-bottom costs.

51 Gotaas-Larsen Shipping Corp.
Cagey John Seabrook has his reason for putting down his own accomplishment.

54 Secom Co., Ltd.
Anybody who can make crime pay in Japan—selling security systems—has real opportunity in America.

62 The Up & Comers
Tink Veale founded the highly successful Alco Standard when he was 50. He's at it again, at 70. Also: Venture capital clubs.

94 Boeing Co.
Why it's all set to acquire a losing Canadian plane builder.

99 Data Card Corp.
Who needs credit risks? The cards themselves make money.

102 Walt Disney Productions
Wall Street is clapping as if it believed in Tinker Bell.

130 CertainTeed Corp.
Shaping up under its French manager.

134 Hebrew National Kosher Foods, Inc.
From profitable family business to conglomerator's milk cow, to a mess, and back to the same family and new prosperity—all in just 12 years.

143 Svenska Cellulosa
If only Ivar Kreuger could see Swedish Match now.

146 Weyerhaeuser Co.
Its problems are so bad, even George Weyerhaeuser is said to be depressed. A buy signal?

150 Delta Air Lines, Inc.
The old cautious methods are no longer enough.

Industries

44 Credit Cards: East Meets West
Japan, the nation of savers and cash buyers, going wild over credit cards? Ah, so right.

106 Toxic Waste Disposal: Painful Tradeoffs
Almost overnight, what had always been a commodity business has become a specialty business—with risks and profits to match.

Departments

6 Side Lines
8 Trends
14 Follow-Through
18 Readers Say
25 Fact and Comment
28 Other Comments
31 Fact and Comment II
279 Flashbacks
280 Thoughts

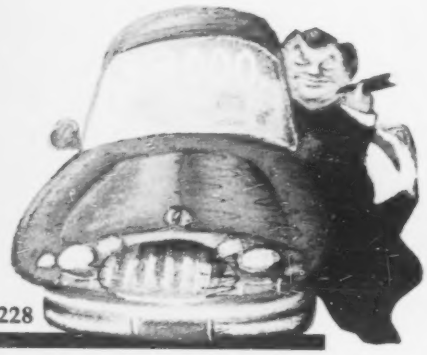
Money & Investments

33 What's Ahead For Business
34 The Forbes Index
247 The Forbes/Wilshire 5000 Review

Columnists

265 Ben Weberman
266 Ann C. Brown
268 Srully Blotnick
270 Kenneth L. Fisher
272 Stanley W. Angrist

134



228

124 Horse Breeding: The Good Life
Tom Martin decided he could live better and make more money selling horses than selling stocks. He was right.

Investing

38 Quiet, Please. Takeover Artists At Work
It's one thing to make a bundle by putting vulnerable companies "in play." It's quite another to run them. Just look at how the Belzbergs, Asher Edelman, Carl Icahn and Irwin Jacobs are faring.

152 Cover Story: Who Hatches The Best New Issues
A ground-breaking report, the result of a survey sweeping through a decade of initial public offerings, on the new-issues market. Everyone does well except, it turns out, most investors.

205 The Money Men: Eley Frazer
Interested in emerging growth investments? You could do worse than buy a few saplings from forester Frazer.

250 The Funds: A Silly Ritual
Annual meetings in the name of "corporate democracy" are mere ritual. Who needs them? Also: United Services Prospector Fund.

254 Statistical Spotlight: Latest Earnings Estimates
If nothing else, they are helpful to contrarians.

274 Streetwalker
Stone & Webster, Inc.; NBI, Inc.; Modine Manufacturing Co.; Woodhead Industries, Inc.; Freeport-McMoRan Inc.; Lehigh Press, Inc.

Numbers Game

78 Real Estate Appraisal
If inflated real estate values in savings and loan portfolios are the problem, why not call in the accountants?

Taxing Matters

82 Mother Of Mercy, RICO Strikes Again
How the notorious Racketeer Influenced & Corrupt Organization act (RICO) catches the unwary. Also: What if the IRS owes you money?

On The Docket

86 Greenmail Backlash
If shareholder lawsuits triggered by raider buyouts are so hard to win, how come companies are so eager to settle? Also: "Wrongful" discharges.

Marketing

210 A.C. Nielsen's New All-Seeing Eyes
The new and ingenious database in Springfield, Mo. Also: Those "how to get rich" TV seminars.

Technology

218 Reel Fakes
New technology is bringing some reality to Hollywood's bottom line. Also: Hybrid seeds; translating software.

Personal Affairs

228 Okay, You've Kicked The Tires. Now What?
Are you really a shrewd car buyer? Also: The poop on interest-rate deductions; updating stereo sound.

Faces Behind the Figures

238 Robert Brennan, *First Jersey Securities*
238 Bernard Ashley, *Laura Ashley Holdings*
239 Henry Kloss, *Kloss Video*
239 Hernando Courtright, *Beverly Wilshire Hotel*
242 William Smith, *Joseph Huber Brewing Co.*
242 Erich Bitter, *Bitter Automobile*
243 Barry Weiss, *Northern Produce Co./Mushrooms, Inc.*

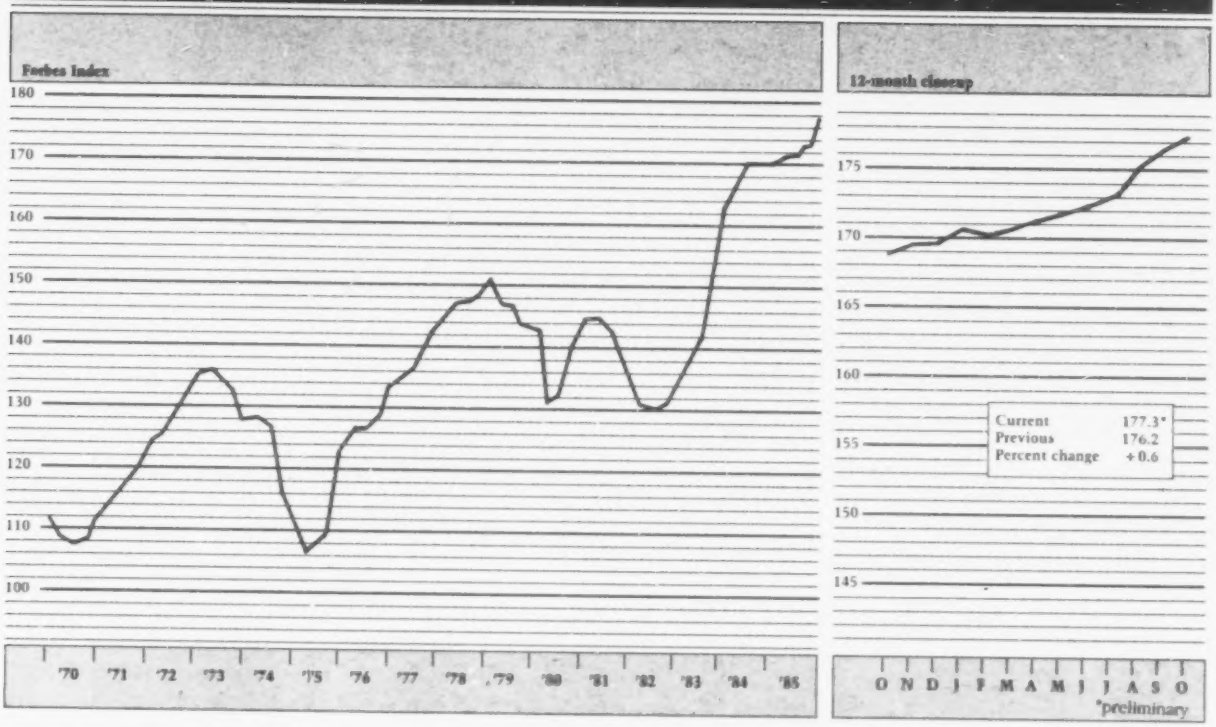
December 2, 1985 Volume 136 Number 14 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1985 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover photo by Gajda/FPG International

The Forbes Index

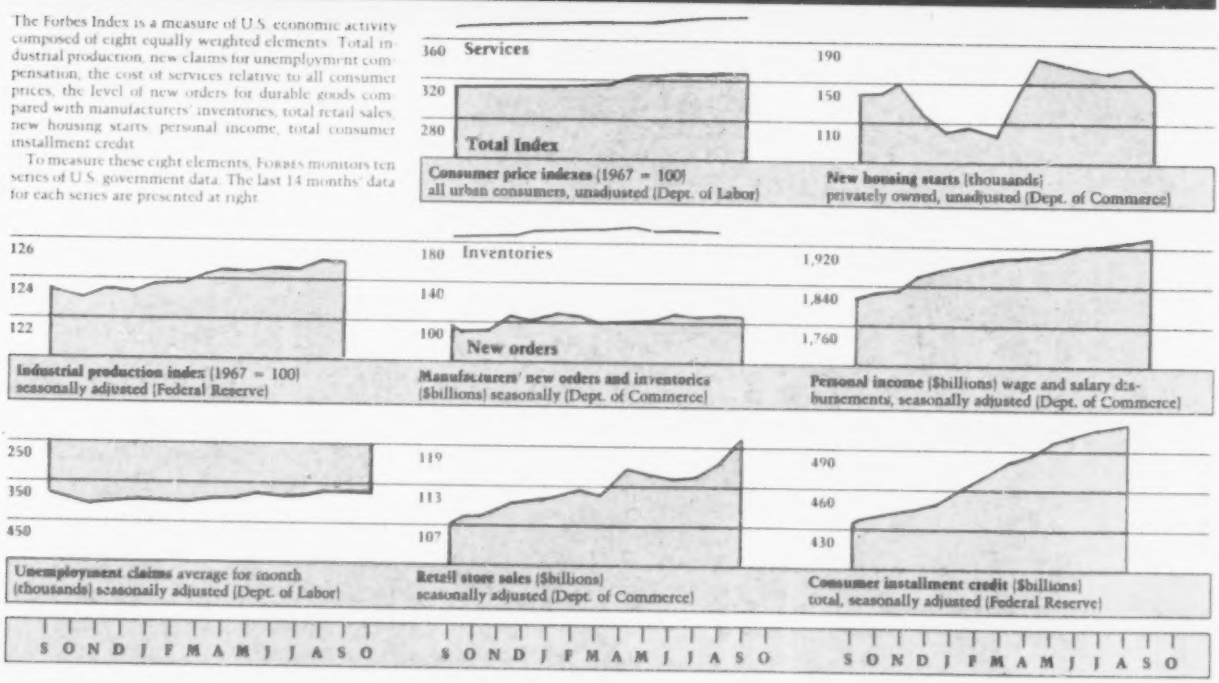


The bad news isn't so bad. New unemployment claims, for the firs time in four months, are up from the previous month, but only by 0.2%. Overall, the Forbes Index is up 4.6% since the start of the year and shows little sign of abating. Figures for manufacturers' inventories will be released within the next few days and are expected to show a decline for the third straight month. At least part of this decrease, however, comes from Detroit's fall incentive programs, which resulted in heavy liquidation of auto inventories. Car sales have slowed down since the promotions ended, so stockpiles will probably return to more normal levels.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Waste Management's Vulcanus II incineration ship at work in the North Sea
What wastes you can't dump, you may have to burn. And you can burn at sea as well as on land.

Fred Ward/Black Star

The U.S. hazardous waste problem is exploding even as the means of solving it dwindle. There are answers, but the alternatives are few and the tradeoffs painful.

Risky business

By James Cook

THE ONE THING a big company caught burning toxic waste is not entitled to is surprise at the furor that ensues when the fact becomes known. It happened recently, for example, to no less than General Motors. GM was accused of burning thousands of gallons of cancer-producing toxic wastes at its Livonia manufacturing plant in suburban Detroit, possibly spewing into the air deadly PCBs, dioxins and other chemicals of that ilk. The incident set off alarums at both Michigan and Ontario environmental agencies, generating the kind of press that makes for public relations nightmares.

It was, as it happens, no fault of GM's. It had bought 500,000 gallons of boiler fuel from Can-Flow Services across the river in Sarnia, Ont., and by accident or design Can-Flow had mixed anywhere between 50,000 and 200,000 gallons of toxic waste into the brew. But it's just the sort of accident that has made hazardous waste one of the hottest political issues in the country these days. It was the central issue in last month's gubernatorial contest in New Jersey and in local campaigns beyond counting. The issue has torn Congress into bitter factions over the extension of the five-year-old Superfund for cleaning up environmental hazards.

Politically, it's an issue with only one side. Nobody in Congress, or in New Jersey, is indifferent to the problem of hazardous waste. Nor is there any real confusion about what these wastes are or the hazards connected with them. They are substances, over 450 at last count, mainly the by-products of industrial processes, that pose a threat to public health and safety—most commonly because they are linked with cancer and similar life-threatening ailments. But there is controversy all the same. It's over what should be done about hazardous wastes and how much money should be committed to doing it.

The problem comes not just from wastes currently being generated but from those improperly disposed of since the industrial revolution began more than a century ago. Such wastes range from lead to mercury, from benzene to dioxin, and their danger comes mainly from improper disposal—by imperfect (and illegal) incineration (as at GM's Livonia plant) that contaminates the air or by improper storage in ponds, wells or landfills that can contaminate groundwater.

These hazards are anything but academic. In West Milford, N.J., to

recall one notorious example, the local Teamsters representative offered the town some waste oil to tame the dust on its backcountry roads. Free of charge. The oil turned out to be laced with highly toxic PCBs. In saving hundreds of dollars on oil, the town wound up spending thousands to dig up a 1.5-mile stretch of road it had applied the oil to. And West Milford was lucky. Residents of Times Beach, Mo., after a similar experience, last year had to abandon their town.

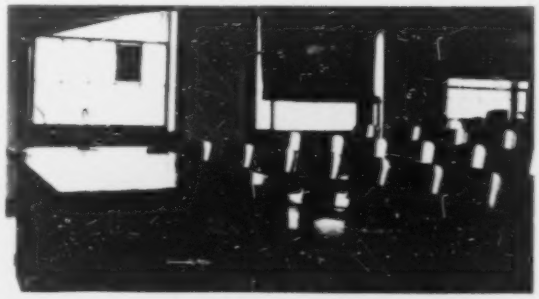
West Milford's benefactor was Bayonne's mob-connected Sampson Tank Cleaning Co. But how do you explain Times Beach? Its supplier was a legitimate local businessman who didn't know what he was doing. Elsewhere the problem is more than that. Says the Environmental Protection Agency's director of enforcement, Thomas Gallagher: "It costs between $100 and $200 to dispose of a 55-gallon drum legally. If a generator or a crooked transporter will do it for $50, everybody makes money."

Such environmental opportunism is not limited to the mob or to amateurs. Rollins Environmental Services once mixed some hazardous waste with crude oil and shipped it to an Ashland Oil refinery in Kentucky. The refinery was so badly damaged that Ashland sued. Browning-Ferris Industries once mixed nitrobenzene with oil and gave away the resulting brew as a surfacing agent. Former Texas congressman Bob Eckhardt once calculated that improper disposal could have turned the estimated 13 cents a gallon that BFI might have lost disposing of the waste in a landfill into a possible 31-to-49-cents-a-gallon profit. The EPA got after Waste Management last winter alleging, among other things, that the company saved $20 million in incineration costs by mixing PCBs with recycled oil and selling it in the Midwest for heating and road-oiling purposes. Waste Management, making no admissions of guilt or innocence, paid a $2.5 million fine and signed a consent decree.

Are such examples mere anomalies? Eckhardt, for one, has had his doubts. "In view of the enormous economic incentive for improper disposal of these toxic materials," he says, "only a strong corporate ethic pervading all levels of management or a very effective regulatory system could prevent such materials from escaping into the environment and threatening the public health."

Until recently, at least, the U.S. hazardous waste industry had neither. Indeed, until 1976, when Congress

Corporate giving.
Without it, a lot of important things might go out of business.



A lot of organizations in a lot of different fields could barely exist without help from corporations.

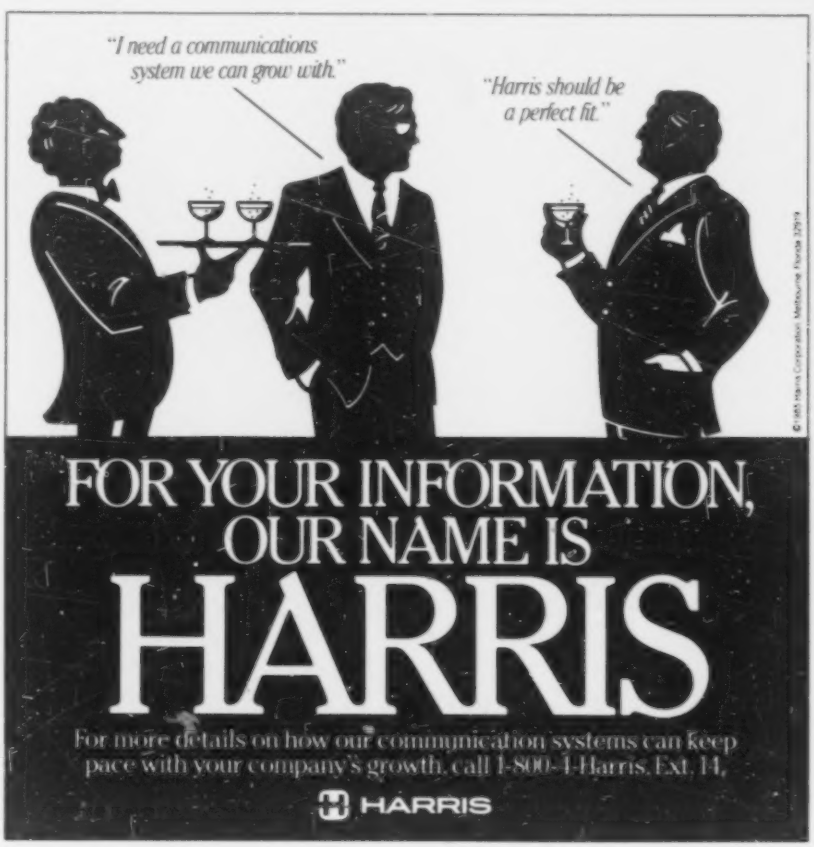
To their credit, a great many companies realize this.

Every year for the past ten years, corporate giving has gone up. And that's something the entire corporate community can take pride in.

There are so many ways a corporation can give. So many ways to lend a hand.

The fact is, when corporate giving thrives, so do the organizations it supports. And everyone profits.

A Public Service of This Publication
©1984 The Advertising Council, Inc.



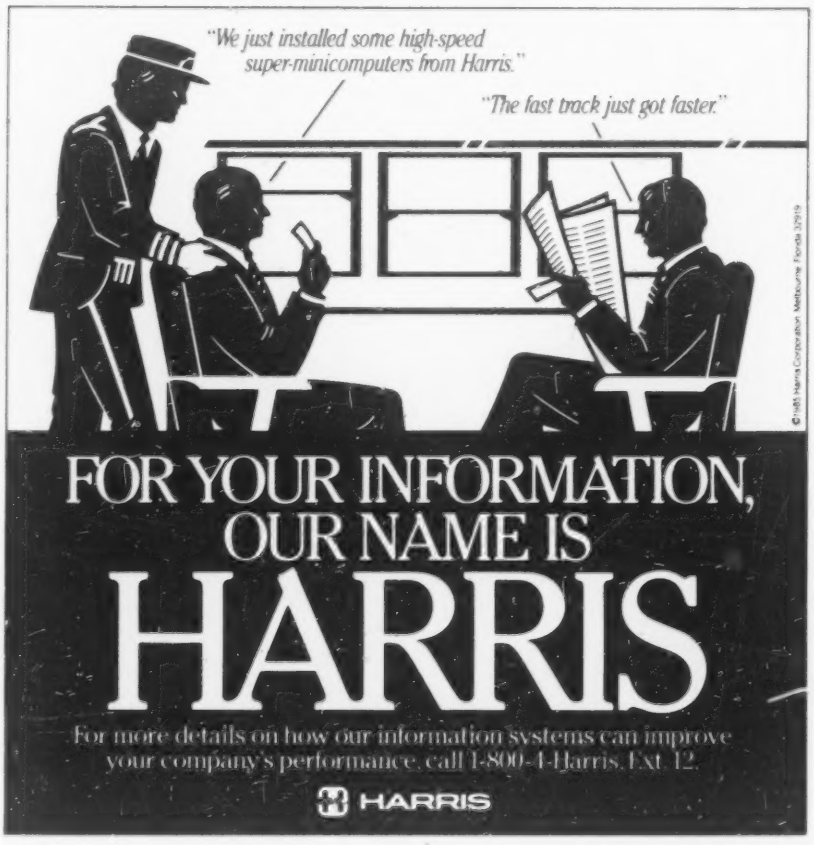
enacted the Resource Conservation & Recovery Act (RCRA), there were no rules at all. What has happened since then in the regulation of hazardous waste amounts to an economic as well as an environmental revolution. What had always been a commodity business—solid waste disposal—became a specialty business overnight. "When we did the Ford plant," one Harold Kaufman, a former garbageman turned FBI informant, recalls, "the sludge was going for $2 a yard. With the stroke of a pen, we raised the price to between $35 and $85 a yard. We commingled the sludge with shale from Chevron, and the New Jersey [Department of Environmental Protection] allowed us to take this to a regular landfill, which we did for $3.75 a yard. In less than six months, the company made $600,000." Haz-

What had always been a commodity business—solid waste disposal—became a specialty business overnight. Hazardous waste was not just a new business. It was a bonanza.

ardous waste was not just a new business. It was a bonanza.

The industries that generate hazardous waste in the U.S.—primarily chemicals, mining and petroleum—usually dump it in pits or mines or landfills, hold it in ponds or lagoons or storage tanks or, less frequently, dispose of it in public 'andfills. And, up to a point, quite properly. Waste can best be disposed of at the point of production, before it gets commingled with other substances, so that all but 4% of the estimated 265 million tons of waste generated each year is stored or disposed of on site. The rest is treated or disposed of mainly in commercial landfills or incinerators by subsidiaries of Waste Management (which claims 40% of the business), Browning-Ferris Industries and Genstar, or by independents like Rollins Environmental Services, International Technology and Environmental Systems *(see table, p. 118).*

Altogether, the business runs around $5 billion a year, of which only a quarter goes to the commercial operators. But the business is growing fast—from $1.2 billion in 1980 to $3.5 billion in 1984. A study by the Congressional Budget Office figures it could easily reach $10 billion by 1990, with the bulk of the gain going to the commercial operators.



EPA inspectors cleaning up at dioxin-contaminated Times Beach, Mo. Dupuy/Black Star

A legitimate businessman didn't know what he was doing.

The market is growing more because of increased regulation than increased volume. Whereas EPA originally established strict disposal requirements for some 300 different substances, it now regulates over 450. And where originally only large waste generators were regulated, a year ago Congress put most smaller waste generators—dry cleaning etablishments, gasoline stations—under regulation as well, and so enlarged the commercial market by close to 8%. As regulation grows increasingly stringent, waste generators of all sizes are more often turning to commercial operators to do the job.

This is no mom-and-pop affair, as garbage collection often is. It's a highly specialized business requiring skills, technical sophistication and, most of all, capital. Landfills cost $5 million or more to get into operation, and high-temperature incinerators can cost $30 million.

It's also a national business—unlike solid waste—and a service valued highly enough to justify shipping waste generated in Massachusetts to a landfill in Alabama, or from New York to an incinerator in Chicago. The big waste management companies control the bulk of the commercial disposal sites—landfills, deep wells or incinerators. Thousands of broker-haulers, some legitimate, some not, collect the waste and dispose of it—legitimately if they can, illegitimately if they have to.

Though environmental experts once estimated substantial quantities were dumped illegally, nobody really knew. Nobody knows now. EPA thinks it's less than 10%, but whatever the percentage, it is almost certainly on the rise, as small waste generators now coming under regulation for the first time find the economic penalty of proper disposal burdensome. "The incentives for illegal disposal," says EPA's Gallagher, "are going to increase geometrically."

The financial rewards are now so tempting that even the mob has plenty of independent competition—from sleazy businessmen who don't scruple to make an environmentally unsound dollar, from once-legitimate businessmen who would rather not know how the waste is disposed of, from underlings in the big corporations who score brownie points by keeping their disposal costs down.

Environmental protection agencies on both the state and federal level have set up elaborate tracking procedures to assure that hazardous wastes are disposed of properly, but circumventing them is easy. You just falsify the manifest. That's how Ciba-Geigy, indicted in New Jersey in October, was charged with having dumped toxic wastes illegally for more than a decade. And, until EPA began tightening the rules last year, once you crossed territorial jurisdictions, anything went. Says Jeremiah B. McKenna, chief counsel to New York's Select Committee on Crime: "Canadian waste is dumped in the U.S. The EPA stops looking at the border. You take New York waste and dump it in New Jersey. Take Jersey and dump it in New York. Nobody tracks it. You have left state jurisdiction."

Whether unscrupulous or actually mob-dominated, outfits that make a business of improperly disposing of toxic wastes have their own rules. "It's not in organized crime's interest," says Ronald Goldstock, head of the New York State Organized Crime Task Force, "to mix the toxic in with the solid waste. It's too big a loss to take, if you dumped toxic waste in a landfill and lost it [through government action]. They're going to dispose of it in other ways—mix it with oil or cart it outside their traditional areas."

It's now illegal everywhere in the U.S. to mix waste with recycled oil, but that isn't enough to stop the business. In New Jersey members of the Grungo family will be retried on charges of selling contaminated No. 4 oil in five states, from Maryland to Massachusetts, to heat apartments, office buildings, industries, schools and churches.

"All you have to do is stand on the George Washington or Verrazano bridges and you'll see these trucks lumbering across," says McKenna. "We called up one fuel oil dealer at the height of the season, and they were offering us fuel oil at substantially below market. The beauty is they are getting paid twice—to take away the toxics and also to provide the oil."

All too often, everybody's in it to-

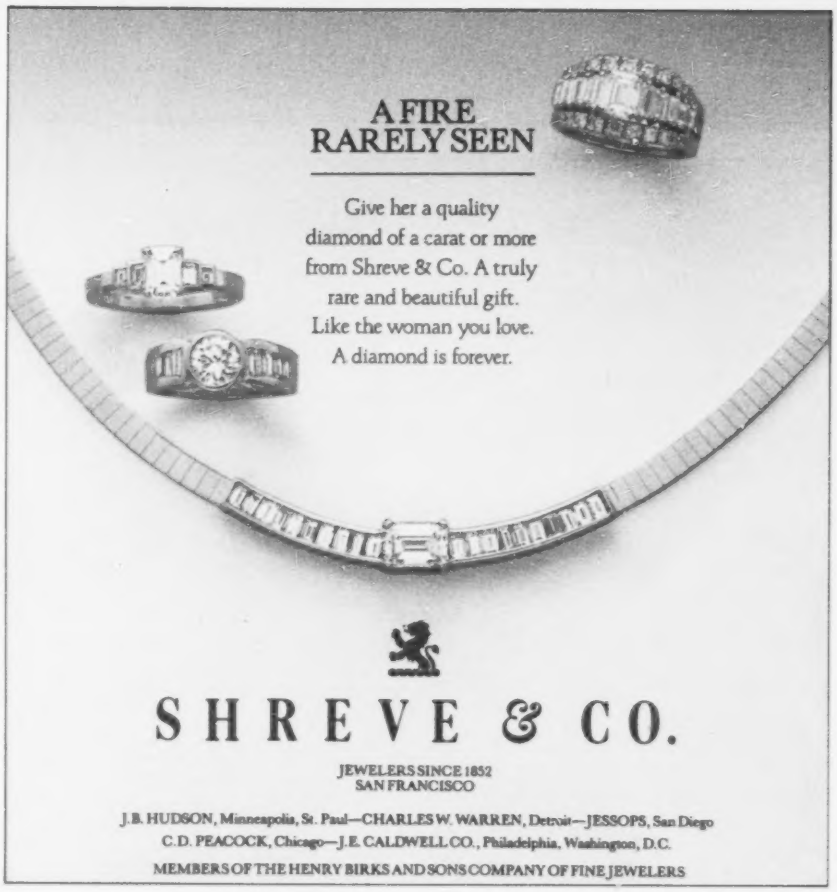
Environmental protection agencies have set up elaborate tracking procedures to assure hazardous wastes are disposed of properly. But circumventing them is easy. You falsify the manifest.

gether—sleazy operators and great corporations alike. Take Russell Mahler, a Connecticut millionaire. Through 11 companies, Mahler handled hazardous waste for at least 14 major corporations, blue-chip customers like Chrysler, United Technologies, Public Service Electric & Gas and Ingersoll-Rand.

Mahler had no adequate disposal facilities of his own, so he bribed the superintendent of New York City's landfills, John Cassiliano, to let him dump millions of gallons of hazardous wastes in with the garbage, polluting the landfill and contaminating the groundwater that ran underneath it. Eventually Mahler was caught and went to jail. So did Cassiliano.

But the responsibility didn't end there. Confronted with millions of dollars in cleanup costs, New York City has now indicted 14 of Mahler's corporate customers, charging that they knew, or should have known, that Mahler was disposing of their wastes improperly. "According to Mahler, one company paid 10 cents a gallon to dispose of a particular waste," says McKenna, "but it costs $1 a gallon to neutralize it before you can even begin to dispose of it."

The cost of disposing of new waste is as nothing beside the cost of cleaning up those thousands of hazardous



Cleaning up

They run landfills and storage sites, they incinerate, they treat waste, they stabilize it chemically. They serve particular industries or the world at large. But they make money, most of them, and good money, in hazardous waste. The table lists some of the major players.

Company	Revenues ($mil)	Net income ($mil)	Recent price	P/E	Debt/ equity	—Latest 12-month— net profit margin	ROE	5-year average ROE	5-year average sales growth	5-year average EPS growth
Browning-Ferris Inds	$1,000.8	$89.2	54	17.8	26%	9.4%	25.0%	20.0%	16.2%	18.0%
Environmental Systems	33.5	1.3	20¾	22.1	137	9.9	NM	59.4[1]	78.2	40.2
Environmental Testing & Cert	9.4	0.4	24	NM	20	12.4	28.7	NA	257.2	NM
Genstar	1,922.8	131.7	19⅝	7.2	117	6.5	18.6	6.3	0.0	NM
International Technology	143.7	6.3	21¾	26.2	81	5.3	15.0	14.0	26.5	10.0
IU International	2,550.1	7.9	12⅜	NM	123	NM	NM	15.7	–1.8	–29.0
Research-Cottrell	400.9	3.4	25⅛	NM	29	NM	NM	7.6	4.8	–14.5
Rollins Environmental Services	69.4	6.5	14	26.4	7	11.1	24.7	12.9[2]	21.8	26.5
Tacoma Boatbuilding[3]	102.3	–32.4	1¼	NM	NM	NM	NM	NM	–1.7	NM
Waste Management	1,314.8	142.5	64½	20.2	55	10.5	17.6	19.3	26.6	22.5
Witco	1,495.8	62.6	37½	9.6	39	3.9	16.1	14.8	8.0	4.7

[1]Three years. [2]Two years. [3]Company filed for Chapter 11. NA: Not available, not applicable. NM: Not meaningful. *Sources: S&P's Stockpack-II; Forbes.*

waste sites that threaten the public health and safety, some built up over a half-century or more. Not just those hellholes that have entered the mythology of late-20th-century environmentalism—New York's Love Canal, Kentucky's Valley of the Drums, California's Stringfellow Acid Pits—but 60 or more solid waste landfills where garbage and toxics were commingled over the years. It's a massive undertaking, with 541 sites on the EPA priority list alone and as many as 2,000 likely to need urgent attention.

They are the reason Congress created the $1.6 billion Superfund five years ago—financed largely by taxes on petroleum and feedstock chemicals and designed to provide the front money for cleaning up spills and other emergency situations. The first major Superfund project, for instance, was launched after the 1981 explosion at General Disposal's drum storage site in Los Angeles. Superfund laid out $1.4 million to get the cleanup started, and Inmont Corp. assumed responsibility for the $700,000 needed to complete it.

The U.S. surely needed some mechanism for financing cleanup situations where companies were insolvent, bankrupt or defunct. The Stringfellow Quarry Corp. is a case in point. It went bankrupt in 1974 after 33.9 million gallons of hazardous wastes were discharged into the Stringfellow Acid Pits—unlined evaporation ponds—by over 200 parties. Bankrupt, too, is New Jersey's Lone Pine Landfill, which continues to leach toxic chemicals into the headwaters of the Manasquan River, where the state was developing a $40 million reservoir project. Lone Pine had only $100,000 in assets after it was closed in 1979, not enough even to pay the cost of covering the waste with fill. And it still isn't cleaned up.

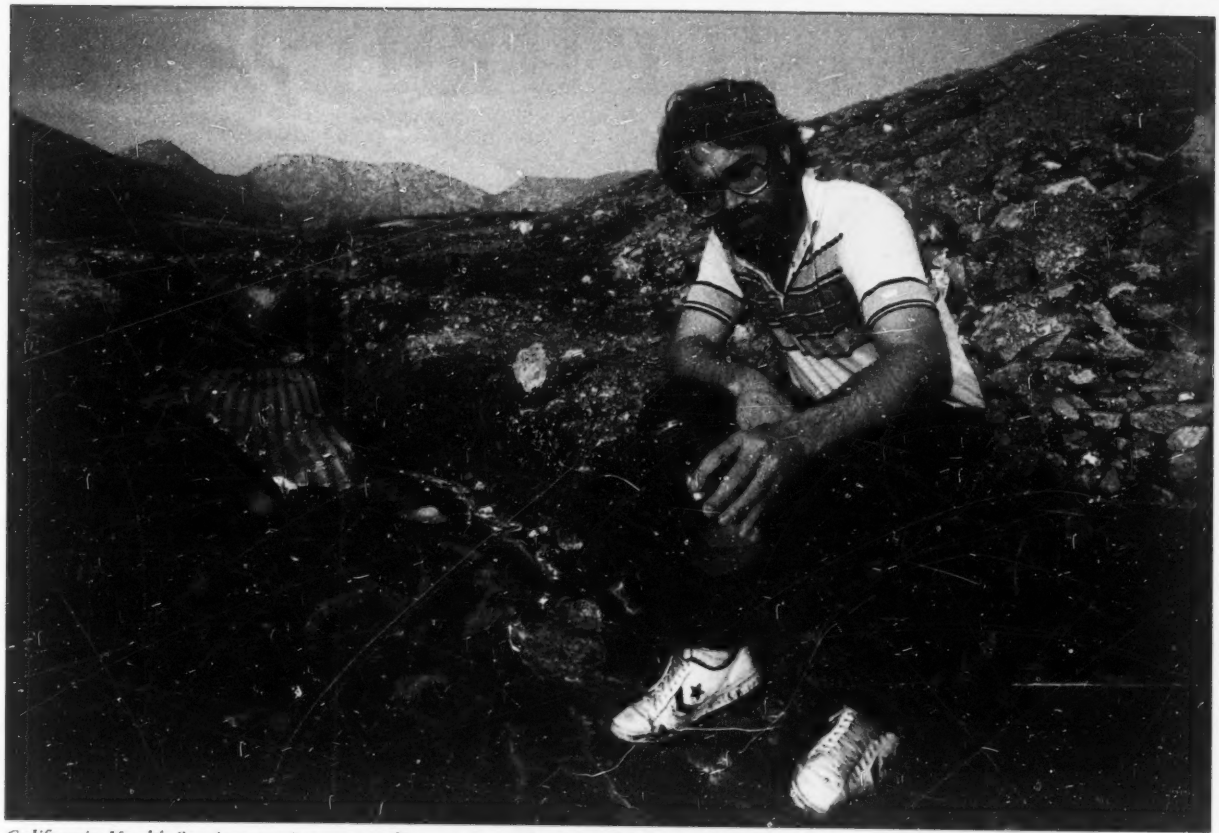
Superfund so far has been more sound than fury, perhaps because EPA officials like former chief Anne Burford deliberately tried to block the program. Only ten sites have been cleaned up so far, but cleanups at hundreds more are currently in process, and the Administration, Senate and House are wrangling now over how big a renewed Superfund should be—$5 billion, $7.5 billion, $10 billion. Even $10 billion is unlikely to be enough. The Department of Defense estimates it will cost between $5 billion and $10 billion to clean up some 473 military sites alone. The General Accounting Office puts the total national cleanup cost at $39 billion. The Office of Technology Assessment thinks it's well over $100 billion.

All too often, as the OTA study points out, Superfund money has been devoted to moving wastes from one problem site to another, from Dartmouth, Mass., say, to landfills in New York and Ohio that were themselves possible problems. Some Love Canal wastes went to BFI's Cecos landfill only 5 miles away. Waste Management was hired to handle the $7.7 million cleanup of the Seymour, Ind. site, which includes some Waste Management waste. And even the sites to which the waste is moved may not be secure. "The requirement that no unit be leaking would probably rule out all the operating landfills in the country," states William Myers, a former EPA scientist.

"Superfund was designed for emergency situations like Love Canal," says Hugh Kaufman of EPA's Hazardous Site Control division, "and the idea was that people who created the environmental and public health emergencies would have to pay ultimately. What Superfund has been turned into by the politicians is a public works program, and they've done this at the urging of companies like Waste Management, which not only create these catastrophes but also clean them up and get paid for it. Of the $1.6 billion committed in the first five years, we have returned only $21 million to the fund."

The dimensions of the problem explode even as the means of solving it dwindle. Last year Congress limited or barred use of land disposal for certain substances and decreed that all forms of land disposal should be barred within 66 months. But good intentions are no substitute for hard thought. As it is, 903 storage and treatment facilities, 42 incineration facilities and 186 land disposal sites have been closed. That leaves, at last count, only 373 commercial treatment facilities, including perhaps 36 commercial incinerators and 58 commercial land disposal sites in all the U.S. Clearly inadequate to the need.

But if not land disposal, what? There are several alternatives. Some hazardous wastes can be recycled, others transformed into chemically stabilized solids, and still others stored in secure, deep wells or landfills. Other wastes can be treated



California Health Services engineer sampling water at the Stringfellow Acid Pits
When the owners go bankrupt, who foots the bill for the cleanup?

Bill Nation/Sygma

chemically, biologically or thermally—that is, burned—and safely disposed of in a nontoxic landfill at $15 to $30 a ton rather than $100 or $200.

For those wastes that will burn, about 25% of the total, incineration offers the most promising solution, though hardly a cheap one. That's why both Waste Management and At-Sea Incineration, an affiliate of bankrupt Tacoma Boatbuilding, are eager to begin burning toxics offshore. Ocean incineration is significantly lower cost, but it has been opposed by both Rollins and Environmental Services, which together operate two of the four land-based, PCB-approved incinerators. The U.S. will need all the incinerators it can get. EPA figures it will need 82 land-based and 33 ocean-going incinerators by 1990.

"The next few years look very bright, but it will be very expensive to get service," Eugene Wingerter, head of the National Solid Wastes Management Association, says cheerfully. "This industry thrives on regulation."

Law enforcement people worry that as more and more landfills close down, toxic wastes like PCBs and dioxins will end up in the high-temperature waste recovery plants that are springing up all over the country, where they may or may not be incinerated properly. Such concerns are by no means academic. Hazardous waste in the garbage stream has already destroyed a waste recovery plant in Akron, Ohio.

Incinerators aside, it has become increasingly difficult to get a hazardous waste project of any kind into operation. Nobody wants a hazardous waste site in his own backyard, and states with disposal facilities are beginning to balk at becoming dumping grounds for states without them. The capital costs of disposal, treatment and storage have gone through the roof, and the regulatory process is so involved it may take five years to get a project operational. Even worse, most companies can no longer buy liability insurance.

"When you have to have something nobody wants, and when it has major financial liabilities, who do you look to to take on those liabilities? The taxpayers of the U.S.," says EPA's Hugh Kaufman. "These guys at the waste management companies really know how to play the system and make sure the liability does not remain on their shoulders."

It's probably better that the taxpayer assume these costs if the alternative is that no one assumes them. Bluntly, and in short, environmental safety may be too vital a matter to leave to the unfettered working of the profit motive. There is a parallel in the nuclear power business for the past 30 years. Government has assured certain risks in the nuclear business, limiting the utility's liability in the event of an accident and agreeing to assume responsibility for future storage of wastes. The hazardous waste industry can make arguments every bit as compelling for such government support.

It's a risky business, all right, extraordinarily risky for everybody involved—generators, disposers and the public alike. But the magnitude of the opportunity is suggested by the fact that the rewards still seem to outweigh the risks. If the new waste is going to be disposed of, if the old waste is going to be cleaned up, it's the commercial companies, the risks notwithstanding, that will do the job. "There is a lot more upside potential than there is downside risk," says Waste Management President Phillip B. Rooney. "That is what we are counting on. We continue to believe the potential is enormous." ■

Investment bankers have been doing a superb job of raising money through new issues. The economy obviously benefits. But how have their customers fared? Not well.

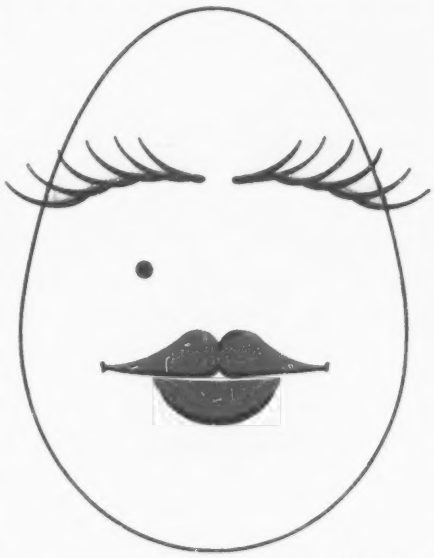
Why new issues are lousy investments

By Richard L. Stern and Paul Bornstein

NEW ISSUES. Entrepreneurial companies. The stuff of legend. The stuff of dreams. From Jan. 1, 1975 through last June 30 more than 2,800 companies went public in the U.S. They raised $27.5 billion by selling common shares to the investing public. That money financed a lot of growth and provided plenty of jobs—and made a lot of founding shareholders very rich. It also helped the brokers cover their overhead and then some: Investment bankers earned perhaps $2 billion in concessions for distributing all that paper.

Great for the brokers. Great for the founding shareholders. Great for American enterprise. But not so good for John Investor.

With a lot of hard work and more than a little help from computers, FORBES has traced 2,800 new issues that went public in the last ten years. After eliminating the perilous penny stocks *(see p. 190)*, we traced 1,922 new offerings that came public at $1 a share or more. Our conclusion: On average, an investor would have fared better, and with far less risk, buying an index fund than in playing new issues. However valuable the new-issues market may be for U.S. industry, it is a deck stacked against investors.



Andy Christie

Our computers tell us that the same stocks sold to the public for $27.5 billion over the decade have an aggregate market value today of $30.8 billion. That's 12%. Since most new issues came out in the last four years, we figure this gives investors an overall return of maybe 3% a year. Less than inflation. Considerably less than the market as a whole returned. Less even than savings accounts returned.

Consider this: Just over four in ten of the new issues showed a profit from offering price to recent market price. This in spite of the fact that these stocks have been public anywhere from ten years to a few months. If the new issues are compared with the stock averages, the results are even more dismal from the investors' perspective.

We figured it this way: To compensate for the risk involved, a new issue should perform better than the averages. A majority did not. From its date of going public to last month, the average new issue was down 22% relative to the broad Standard & Poor's 500 stock index. Of course, not all were losers. Some 600 stocks out of the 1,922 did better than the broad average from the date each was brought public to the present. In short, an investor had less than one chance in three of doing better in new issues than in an index fund. Not very good odds in a market where stocks can and sometimes do go to zero.

If the chances of beating the market in new issues are slim, the chances of getting clobbered are quite high. Even eliminating the highly manipulated $1.1 billion worth of penny stocks, there were plenty of big losers among the more reputable new issues. About 1 in 25 ended in bankruptcy. About 1 in 8 was almost wiped out (down at least 95% versus the averages). A full 850—nearly half—were down at least 50% versus the averages.

Among the top 100 performers, some did very well indeed. A $20,000 investment in Cray Research back in 1976 would make you a millionaire today; ditto investing $25,000 in 1976 in Rolm (acquired by IBM in 1984).

How do we know all this? FORBES developed an elaborate database of all the new issues we could find that went public interstate since 1975. We measured each from its date of issue in terms of absolute price action and relative to the S&P's 500. Given the risks of new issues, we believe an investment in a new public company should outperform the total return of an investment in an established company.

There is also the factor of time. A stock that doubled in two years is a big winner, while a stock that doubled in the last ten years is a mediocre performer. Measuring against the S&P's puts each issue on an equal footing. For uniformity, when a company went public as a unit (two common shares and a warrant, for instance), we calculated the value of one

share of common, assuming that the funds received by a company from exercise of warrants were ultimately reflected in the stock price.

Why does the investing public take it on the chin so often in new issues? Some of the risk is inseparable from the type of offering: No one can predict the future, and many new issues don't even have much in the way of a past to judge by. But more insidious to the workings of most brokerages with investment banking arms is a three-sided conflict of interest. The investment bankers price a new stock issue to get the best price they can for their corporate clients. So the brokerage houses do a good job for U.S. industry. But, as our database shows, they often don't leave much on the table for John Q. Public. Certainly not enough to compensate for the risk.

For the risk is great, even where the most reputable of underwriters are involved. For example, in January 1984 brokers at Dean Witter Reynolds sang the virtues of Columbia Data Products at $11 a share to their customers. Sixteen months later the company filed for bankruptcy protection under Chapter 11. It now sells for 12½ cents a share. Fortune Systems, a $110 million offering brought out at $22 a share by First Boston, Alex. Brown & Sons and Montgomery Securities, proved to be far less than it was touted to be in March 1983. Recently it was selling for $1.50.

The inherent conflicts of interest for the broker are many. When an investment banker has built a big pipeline to pour out new issues, he has to keep it filled to pay for the light bills and Quotron machines. So there's constant temptation to overreach and foist chancy stocks on the public. We're talking about "reputable" investment firms, too, not just out-and-out con men who perpetrate what appears to be a significant amount of suspected stock manipulation in the new-issues market.

The table above shows the ten best and ten worst performances among investment bankers during the last ten years. (For the complete rankings, see p. 155.) It's no surprise that the bottom includes a number of penny stock firms no longer in business. More surprising is that the top five investment bankers are not nationally known names but medium-size regional firms. The leader is William Blair & Co. of Chicago (see box, p. 154), followed by McDonald & Co. of Cleveland, Ohio; Wheat, First Securities, of Richmond, Va.; A.G. Edwards & Sons of St. Louis; and Atlanta's Robinson-Humphrey.

The best and the worst

The lists below rank the ten best and ten worst investment bankers of the past ten years based on the performance of their initial public offerings. We ranked only underwriters with at least ten issues. You will note that there are some ties. For how FORBES ranked the bankers and the complete list, see page 155.

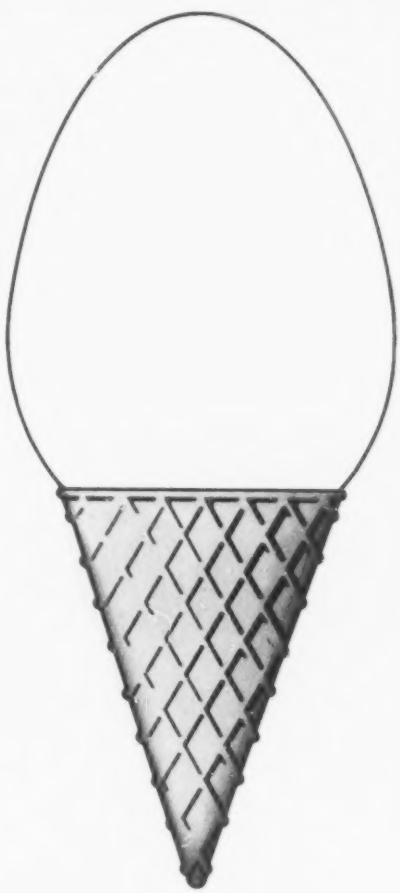
The ten best	The ten worst
1. William Blair & Co	94. SW Devanney & Co
2. McDonald & Co	94. N Donald & Co
3. Wheat First Securities	93. First Financial Sec
4. AG Edwards & Sons	93. Neidiger-Tucker-Bruner
5. Robinson-Humphrey*	92. Centennial State Sec
6. Salomon Brothers	91. Southeast Sec of Florida
7. Drexel Burnham Lambert	90. EJ Pittock & Co
8. Ohio Co	89. American Western Sec
9. EF Hutton	88. Fitzgerald DeArman & Roberts
10. Goldman Sachs & Co	87. OTC Net

* *Division of Shearson/American Express*

What's their edge? About what you should expect it to be. "When the good regional brokerage houses bring companies public, they look for local companies of high quality," says Perrin Long of Lipper Analytical Services, an expert on how brokerages run their businesses. "They want to protect their local community reputations and are not out to bag the public."

William Blair's biggest winner is Safety-Kleen, an Illinois-based commercial cleaning service that would have given investors $965 for every $100 invested at the 1979 offering, a 272% gain over the S&P's.

The biggest winner for McDonald & Co. is Barberton, Ohio-based Novar Electronics, an electric equipment company that has returned $354 for a $100 investment since it went public in 1981, a 94% return over the S&P's. Is there a pattern here and a lesson for investors? In fact, there is. None of the top five churned out a great many issues during the past ten years.



How did the the national powerhouses do? Salomon Brothers and Goldman, Sachs ranked sixth and tenth in producing results for investors, in turning out 26 and 35 issues respectively. E.F. Hutton, the only national retail firm among the top performers, benefited from a heavy representation of new issues that converted mutual savings banks to publicly traded stock companies.

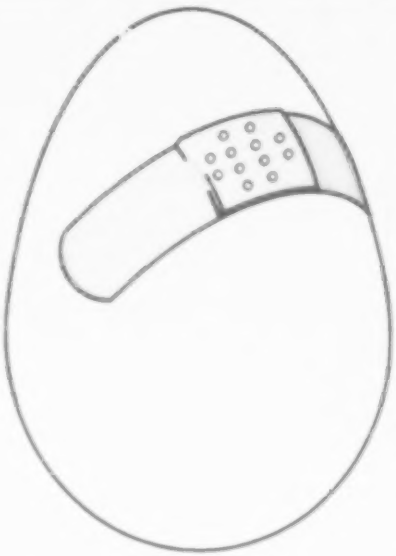
If the big national houses did only modestly well for investors, the houses that specialized in new issues did worse. Four big new-issue houses came to be known as "the four horsemen" during the last major new-issues bull market of 1982-83. These firms filled public investor portfolios with personal computer companies, software companies, disk-drive firms, biotechnology companies and the like.

One of the horsemen, Baltimore-based Alex. Brown & Sons, ranks 28th on our list. Only 26 of its 82 issues did better than the S&P's. Another, Hambrecht & Quist of San Francisco, ranks 44th. Only 25 out of 94 of its issues did better than the S&P's. New York-based L.F. Rothschild, Unterberg, Towbin is 45th. Only 21 out of its 88 companies outdid the S&P's. Finally, San Francisco's Robertson, Colman, Stephens ranks 51st, with

11 of 45 issues ahead of the S&P's.

Technology, the most glamorous field of all, proved to be a trap for investors. A glance at our top 100 performing issues *(p. 164)* shows that they represent a wide variety of industries. They range from Liz Claiborne in apparel to Ryan's Family Steak Houses in restaurants, from Federal Express to Tofu Time. Despite Cray and Rolm, at the top of the list, technology issues make up less than a fifth of the top 100.

Interestingly, Thomas Unterberg and Robert Towbin had a stellar performance from the four new issues they did after 1975. Three out of four were up relative to the S&P's. But that was before Unterberg, Towbin merged into L.F. Rothschild, where they helped develop an army of salesmen to feed new issues on a massive scale to the public.



"But you don't understand," an investment banker for a major brokerage house says defensively. "You've got to buy all our issues to diversify the risk." The fact is, only 14 of the investment bankers we ranked had issues that on average outperformed the S&P's. And only 10 did 10% better. Not a good bet for so risky an investment. Better you should buy a good mutual fund.

But wasn't the game worth playing on the chance that you might end up with one of a handful of big winners? Not necessarily. It is unlikely that the average investor could buy 100 shares on the offering of a so-called hot issue because the allocations usually go to favored customers, which often include hedge funds and other institutional investors. So, even if you bought a big winner, chances are you didn't get much of it. Not enough to compensate for the inevitable losers.

What about the lucky chaps who were on the broker's list to get big chunks of the hot stuff? They, in return for an almost certain gain of a few points, often sell their issues back to the investment banker, who, as a marketmaker, then sells to the eagerly waiting but naive public at well over the offering price. It's all perfectly legal, and profitable to the investment banker-marketmaker, who can often make more from spreads in heavy aftermarket trading than from commissions on the initial public offering.

Take Genentech, which came out at 35 on Oct. 14, 1980 and moved to 71¼ on the first day of trading. What of the investor who bought at 71¼? He would just about break even these days after a 3-for-2 split in March 1983. A good lesson to those who think they can outwit the market buying and selling short term.

This is no level playing field for all investors. An unexpected by-product of our database is the discovery of an enormous amount of manipulation surrounding the new-issues business. Penny stocks remain a hotbed of such activity, but increased public interest in the new-issues lottery over the last ten years appears to have moved the stock manipulators into issues with higher offering prices, particularly in the $1-to-$5 range. A computer ranking of the stocks in that range with the biggest initial gains reveals with discomforting frequency investment bankers whose names raise the eyebrows of enforcement officials *(see p. 176)*. Inevitably, most of their issues eventually collapse. The profits are illusory.

Is there safety in numbers? That is, can an investor do better sticking with big new issues? Not necessarily. The best performers, Rolm and Cray and Liz Claiborne, were not particularly sizable issues when they went public. Not only is a new issue's size no guarantee of success, it could be a negative. Our computers indicate that the investment bankers often have difficulty pushing the biggest issues out the door. Most tended to remain around the issue price during the first two weeks of trading and, over the long term, gravitated downward *(see p. 184)*.

If you want a long-shot chance at getting rich on a small stake, try the lottery. The new-issues market performs extremely useful functions in the U.S. economy. Making investors rich is not, however, one of these functions. ■

Cultivating their own garden

Chicago-based William Blair &Co. is the top underwriter in FORBES' IPO survey. More than half its new issues outperform the S&P's 500. Blair did well concentrating on the Midwest, where it has a regional advantage, and on companies in areas like distribution, specialty retailing and office products, where it now has expertise.

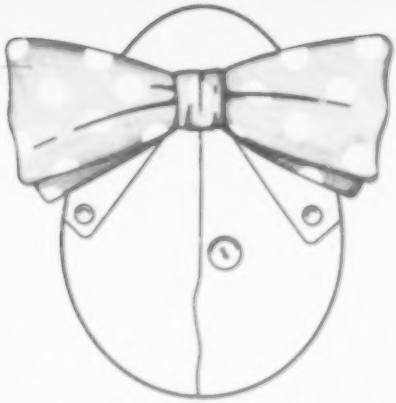
Michael L. Abramson

William Blair's E. David Coolidge III

A regional firm (assets, $183 million) that can't count on a big ad budget to cover mistakes, Blair looks for companies that promise long-term performance. It tries to keep customers coming back. "We don't do the deal and walk away," says E. David Coolidge III, 42, Blair's head of corporate finance. "We take companies to visit investors well after the offering." Successes include Guilford Industries, Inc., a Maine textile manufacturer, and United Stationers, Inc. (comanaged with Salomon Brothers), a Chicago wholesale distributor.

Blair doesn't win them all. It has stumbled in bringing some young companies to market too soon—Renal Systems, Inc., a Minneapolis maker of hemodialysis equipment, for example, and Concord Computing Corp., a Massachusetts maker of credit verification systems. But, thanks to its Chicago base, it largely missed the technology and oil and gas booms—and later busts. Says Coolidge: "If it's a flash in the pan, we're probably unwilling to do the transaction." That may cost Blair some underwriting business. It may also attract grateful repeat customers.—**Ruth Simon**

Rating the investment bankers



Whence come the new issues most likely to succeed in the subsequent marketplace? Look to the heartland. From the packs of hot issue houses and big mass-production national brokers, five regional firms emerge.

Number one on the list of 96 brokerage houses is Chicago-based William Blair & Co., which, since 1975, has offered its customers the best opportunity for making money on initial public offerings. A portfolio of its 20 new issues would have reaped a 132% gain, outperforming the Standard & Poor's 500 by a combined average of 47%. That's $2,320 for a $1,000 investment. Fourteen of William Blair's 20 issues are higher than their offering price, and more than half outperformed the S&P's 500.

How did FORBES pick the winners? We went for consistency, ranking brokers by the percentage of their issues that matched or outperformed the S&P's 500. We broke ties by comparing brokers on the average performance of their issues relative to the S&P's. Each of the 2,800 issues in our database was measured separately against the S&P's from the day it went public.

We assigned issues, where applicable, to the three lead brokers in the underwriting on the grounds that they were primarily responsible for an issue, not merely marketers.

We chose not to rank winning brokers on average overall performance because of the camouflaging effect a few big winners can have on many losers. For consistency, we chose to rank only firms that did ten issues or more.

In most cases where brokerages have merged, we kept separate the firms and the offerings they did before they were acquired, although such firms are listed under their parents. Thus Robinson-Humphrey shares 5th spot, while parent Shearson/American Express has 16th place.

Want a fairly sure way of losing money? Look to penny stocks. The big losers are weighted toward penny houses (some no longer in business, such as Colorado's First Financial Securities Inc. and N. Donald & Co.), and others with a history of securities law problems, such as now-defunct New Jersey-based Southeast Securities of Florida.

Rank	Underwriters	Total number of issues	—Average performance— actual	relative to S&P's 500	—% of issues with gains— actual	relative to S&P's 500
76	Adams James Foor & Co	15	-40%	-62%	13%	13%
11	Advest Inc	22	43	5	50	45
	Burgess & Leith Inc	8	43	-1	50	37
	Putnam FL & Co	1	-98	-99	0	0
30	Allen & Co	12	97	14	58	33
89	Am Western Sec	17	-58	-81	5	5
47	Bateman Eichler	23	-12	-44	34	26
14	Bear Stearns & Co	30	36	-4	53	43
68	J Daniel Bell & Co	20	14	-36	25	15
34	DH Blair & Co	83	40	-3	42	32
	Broadchild Sec	8	23	-31	25	12
1	William Blair & Co	20	132	47	70	60
85	Blinder Robinson	65	-42	-58	16	7
13	Blyth Eastman Paine Webber	30	48	0	56	43
53	Paine Webber Jackson & Curtis	13	30	-2	61	23
	Mitchell Hutchins	1	1,275	871	100	100
59	Rotan Mosie Inc	25	-12	-43	40	20
67	Boettcher & Co	13	-8	-30	46	15
36	JC Bradford & Co	13	37	-1	46	30
60	Brodis Securities	10	-21	-47	30	20
28	Alex Brown & Sons	82	41	-7	45	34

Rating the investment bankers

Rank	Underwriters	Total number of issues	—Average performance— actual	relative to S&P's 500	—% of issues with gains— actual	relative to S&P's 500
23	Butcher & Singer	11	44%	0%	63%	36%
92	Centennial State Sec	10	–71	–79	0	0
33	Chesley & Dunn	12	–6	–30	41	33
39	Citiwide Securities	22	43	17	27	27
29	Craig-Hallum	12	169	22	41	33
48	Dain Bosworth Inc	24	33	–19	38	25
	Bosworth Sullivan	1	–98	–99	0	0
17	Dean Witter Reynolds	61	34	–7	46	38
94	SW Devanney & Co	10	–61	–89	20	0
61	RG Dickinson & Co	10	–38	–53	20	20
94	N Donald & Co	18	–83	–89	0	0
21	Donaldson Lufkin & Jenrette	32	33	–5	53	37
7	Drexel Burnham Lambert	51	29	–3	60	50
25	James J Duane & Co	11	14	–17	36	36
4	AG Edwards & Sons	15	68	3	60	53
86	Engler & Budd	16	–55	–72	12	6
77	Eppler Guerin & Turner	10	–50	–65	10	10
81	Faherty & Faherty Inc	11	–48	–72	27	9
26	First Affiliated Sec	11	–9	–41	36	36
24	First Boston Corp	22	30	–15	72	36
93	First Financial Sec	20	–80	–86	5	0
74	First Jersey Securities	14	–38	–54	14	14
88	Fitzgerald DeArman & Roberts	17	–62	–73	5	5
10	Goldman Sachs & Co	35	68	–1	57	48
44	Hambrecht & Quist	94	41	–23	39	26
71	Hanifen Imhoff Inc	20	–53	–66	15	15
79	AL Havens Securities	11	12	–5	18	9
9	EF Hutton	79	94	21	68	49
27	Janney Montgomery Scott	14	15	–20	50	35
84	Jay W Kaufmann & Co	14	–20	–54	21	7
40	Kidder Peabody & Co	45	54	–6	51	27
75	Kobrin Securities	15	–41	–54	26	13
38	Ladenburg Thalman & Co	21	0	–29	43	29
69	Laidlaw Adams & Peck	20	–41	–49	15	15
80	BJ Leonard & Co	11	–21	–67	9	9
2	McDonald & Co	10	42	0	60	60
19	Merrill Lynch	74	60	9	56	37
	White Weld & Co	3	515	151	66	66
12	Becker Paribas	34	30	–12	59	44
58	MH Meyerson & Co	15	–21	–40	40	20
54	Monarch Funding	30	869	62	37	20
57	Montgomery Sec	30	–3	–37	30	20
31	Morgan Stanley & Co	24	16	–12	41	33
32	Moseley Hallgarten Estabrook	18	2	–19	50	33

Rating the investment bankers

Rank	Underwriters	Total number of issues	—Average performance— actual	relative to S&P's 500	—% of issues with gains— actual	relative to S&P's 500
62	Mountain-Pacif Inv	10	-27%	-68%	30%	20%
64	John Muir & Co	37	-27	-59	27	19
66	Muller & Co	35	-31	-51	25	17
93	Neidiger-Tucker-Bruner	11	-73	-86	9	0
72	Norbay Securities	22	-17	-46	18	14
8	Ohio Co	12	55	-16	58	50
87	OTC Net	18	-63	-79	11	6
63	Paulson Investment	31	-24	-51	22	19
35	Piper Jaffray Hopwood	16	322	83	56	31
90	EJ Pittock & Co	26	-60	-79	4	4
20	Prescott Ball & Turben	16	44	-2	37	37
37	Prudential-Bache	58	12	-19	36	29
46	Rauscher Pierce Refsnes	15	-16	-40	53	26
51	Robertson Colman Stephens	45	103	5	46	24
55	Rooney Pace Inc	46	10	-22	35	20
45	LF Rothschild	88	14	-29	42	26
	Unterberg Towbin	4	1,525	532	100	75
6	Salomon Brothers	26	60	19	77	50
50	Sec Clearing of Colorado	16	-21	-56	25	25
52	Self	99	64	12	37	23
16	Shearson/Am Express	62	31	-13	53	40
	Foster Marshall-Am Ex	4	6	-37	50	0
	Loeb Rhoades Hornblower	2	493	192	100	100
	Hornblower & Weeks	1	299	131	100	100
15	Lehman Brothers Kuhn Loeb	42	26	-10	57	40
5	Robinson-Humphrey	28	83	25	61	50
49	Sherwood Security	12	-10	-40	41	25
22	Smith Barney Harris Upham	27	13	-31	44	37
91	Southeast Sec of Fla	17	-64	-75	12	0
65	Stifel Nicholas & Co	11	6	-41	36	18
	Bacon Stifel & Nicholas	1	103	61	100	100
	Bacon Whipple	1	-97	-98	0	0
43	Sutro & Co	11	-4	-23	36	27
41	Swartwood Hesse & Levine	11	44	-8	45	27
18	Thomson McKinnon Sec	13	46	-12	69	38
70	Schneider Bernet Hickman	23	-41	-56	30	15
83	Vantage Sec of Colo	12	-55	-67	16	8
82	Wall St West	23	-28	-55	21	8
73	Weber Hall Sale	14	-23	-47	28	14
42	Wedbush Noble Cooke	11	51	-15	36	27
56	Werbel-Roth Securities	10	4	-24	30	20
3	Wheat First Securities	11	56	18	72	54
78	MS Wien & Co	10	-54	-76	20	10

The top 100 new issues

What was the best-performing new issue of the last ten years? In absolute terms, Cray Research. It would have returned $5,080 on stock performance for a $100 investment at its offering price in March 1976. A $20,000 investment in Cray would now be worth more than $1 million. Relative to the S&P's 500, Rolm Inc. did even better, though not as well in absolute dollar terms. Of the 1,920 companies brought public at more than $1 a share in the past ten years, Rolm produced the biggest long-term relative gain over its offering price. [Relative, that is, to the S&P's 500.] It came public at $14 a share in September 1976—$1.75 a share adjusted for subsequent splits—and was acquired by IBM in 1984 for about $70 a share. Patient investors who bought at the offering price and held on until the takeover reaped a 3,900% profit on pure stock price performance. So a $100 investment in Rolm grew to $4,000.

Such are the numbers that keep investors coming to the new issue market despite the fact that the new issues disappoint more often than they fulfill. But the fulfillment isn't just in high technology. Although numbers one and two of the top five performers on our list are computer companies, the others represent a variety of industries. TCBY Enterprises changed its name from This Can't Be Yogurt, and Liz Claiborne, number four, is in apparel.

We ranked each of the top 100 companies—and all of the 2,800 companies in our database—relative to the S&P's 500 from date of issue. So Rolm outdid the S&P's by 1,581%. Why rank on the S&P's 500? Overall, given the obvious risks of investing in initial public offerings, we felt an IPO should outperform the total return on an investment in the safer, established companies of the S&P's 500. There's also the fact of performance over time. A stock that has doubled in the past two years obviously has outperformed a stock that doubled in ten years. But by measuring against the S&P's from date of issue, each stock is compared on an equal basis.

Be careful, though, with the more recent issues. They have not yet met the test of time, and the gains may prove illusory, based on hot new issue frenzy and possible manipulation by underwriters. At least one of the underwriters in the table reportedly keeps prices high on its recent offerings by pressuring customers not to sell the issues. Another has been charged by the Securities & Exchange Commission with fraud in an underwriting. Not all that glitters, even here, is truly gold.

Current company name/Acquirer	Date of offering	—% performance— relative to S&P's 500	actual	Offer price	Current value of $100 invested	Underwriters
Rolm/IBM	9/15/76	1,581%	3,900%	$14.00	$4,000	EF Hutton Montgomery Sec
Cray Research Inc	3/17/76	1,572	4,980	16.50	5,080	Unterberg Towbin Piper Jaffray Hopwood New Court Sec
TCBY Enterprises Inc	5/10/84	649	858	7.75	958	Chicago Corp
Liz Claiborne Inc	6/ 9/81	646	1,242	19.00	1,342	Merrill Lynch
US Health Care Sys	2/ 9/83	619	973	20.00	1,073	Merrill Lynch Alex Brown & Sons

The top 100 new issues

Current company name/Acquirer	Date of offering	—% performance— relative to S&P's 500	actual	Offer price	Current value of $100 invested	Underwriters
St Jude Med Inc	2/ 9/77	596%	1,943%	$3.50	$2,043	Craig-Hallum
Tofu Time Inc	12/ 9/83	517	680	5.00	780	Starr Securities
Manufacturing Data Sys/Schlumberger	2/11/76	487	860	7.00	960	Unterberg Towbin Hambrecht & Quist Prescott Ball & Turben
Enzo Biochem Inc	6/12/80	434	1,053	6.25	1,153	DH Blair & Co
Ryans Steak House Inc	7/13/82	424	971	9.25	1,071	Johnson Lane Space
Data Resources Inc/McGraw-Hill	11/ 9/76	414	552	11.50	652	William Blair & Co
Federal Express Corp	4/12/78	400	1,450	24.00	1,550	White Weld & Co New Court Sec
Shared Med Sys Corp	6/29/76	371	1,275	20.00	1,375	Mitchell Hutchins Alex Brown & Sons
Hammer Computer Sys Inc	4/26/85	363	400	3.00	500	Tidd Lackey & Co
Continuous Curve Contact Lenses/Revlon	2/ 1/77	358	561	10.00	661	Oppenheimer & Co
Cullinane Corp	8/ 2/78	349	1,100	20.00	1,200	Hambrecht & Quist
Nestor Inc	12/22/83	336	456	4.00	556	Rooney Pace Inc
Brooks Fashion Stores/BR Investors	9/10/75	322	1,209	11.00	1,309	Goldman Sachs & Co
Avantek Inc	11/16/78	315	1,100	14.00	1,200	Kidder Peabody & Co Hambrecht & Quist
Preferred Health Care Group	9/14/83	292	400	5.00	500	DH Blair & Co
Staar Surgical Co	7/ 7/83	291	396	6.25	496	DH Blair & Co
Filmtec Corp/Dow Chemical	3/26/79	290	904	3.25	1,004	Pagel Inc
AL Williams Corp	7/ 7/82	289	713	5.00	813	Self
Healthcare Svcs Grp Inc	11/23/83	281	377	6.25	477	DH Blair & Co
Ribi Immunochem Research Inc	5/27/81	279	575	6.00	675	Swartwood Hesse & Levine
Safety Kleen Corp	4/ 3/79	272	865	16.50	965	Loeb Rhoades Hornblower William Blair & Co
Atlantic Southeast Airls Inc	7/21/82	269	638	6.50	738	Robinson-Humphrey
Lo-Jack Corp	3/14/83	267	425	2.00	525	Jay W Kaufmann & Co
Biomedical Reference Labs/ Hoffmann LaRoche	5/ 4/79	264	367	13.50	467	EF Hutton Wheat First Securities
King World Productions Inc	12/ 5/84	262	345	10.00	445	Paine Webber Jackson & Curtis
Washington Fed S&L Assn	11/ 9/82	257	448	11.75	548	Merrill Lynch EF Hutton
Environmental Testing & Certif	8/11/82	246	650	5.00	750	Allen & Co
KLA Instrs Corp	10/ 8/80	245	542	18.00	642	Kidder Peabody & Co
Endo Lase Inc	1/17/84	243	325	2.00	425	DH Blair & Co
Lyphomed Inc	5/13/83	239	341	12.00	441	Montgomery Sec Alex Brown & Sons
Home Depot Inc	9/22/81	235	572	12.00	672	Bear Stearns & Co
Amer Integrity Corp	1/12/84	233	313	8.00	413	Advest Inc
Intergraph Corp	4/ 7/81	232	494	18.00	594	Dean Witter Reynolds Robinson-Humphrey
Home Centers of America/K mart	5/13/83	225	251	3.13	701	DH Blair & Co
Endotronics Inc	7/21/83	224	307	7.00	407	Summit Investment

The top 100 new issues

Current company name/Acquirer	Date of offering	—% performance— relative to S&P's 500	actual	Offer price	Current value of $100 invested	Underwriters
Applicon Inc/Schlumberger	7/22/80	224%	232%	$22.00	$332	Blyth Eastman Paine Webber Alex Brown & Sons
Morris County Svgs Bk NJ	12/20/83	218	309	10.75	409	EF Hutton
Biomet Inc	10/ 1/82	215	469	13.00	569	Raffensperger Hughes & Co
Total Sys Svcs Inc	8/10/83	209	305	15.00	405	JC Bradford & Co
BDM Intl Inc	10/ 3/80	208	484	15.50	584	Blyth Eastman Paine Webber
Manufactured Homes Inc	8/ 9/83	207	306	8.00	406	James J Duane & Co
Network Sys Corp	11/ 3/80	206	480	18.00	580	Shearson/Am Express Montgomery Sec Dain Bosworth Inc
Copytele Inc	10/ 6/83	203	275	10.00	375	Gilford Securities
Animed Inc	3/14/84	203	195	5.00	375	Starr Securities
Comair Corp	7/16/81	191	427	5.00	528	Broadchild Securities
Tandem Computers Inc	12/14/77	188	772	11.50	872	LF Rothschild Robertson Colman Stephens
Athens Fed Svgs Bk Georgia	1/12/84	186	255	8.25	355	Robinson-Humphrey Johnson Lane Space James Raymond & Assoc
Children's Place/Federated Dept Stores	4/29/81	185	144	12.50	244	Donaldson Lufkin & Jenrette
United Stationers Inc	11/24/81	182	429	16.25	529	Salomon Brothers
Atlantic Research Corp	6/ 6/79	181	631	10.00	731	LF Rothschild
Pizza Ventures/Godfather's Pizza	10/15/81	179	325	6.00	425	Allen & Co
Crazy Eddie Inc	9/13/84	179	234	8.00	335	Oppenheimer & Co
Coast Svgs Bank Portland Me	7/ 3/84	177	266	7.38	366	Prudential-Bache Burgess & Leith Inc
Geosource/Aetna Life & Cas	6/21/77	175	286	22.50	386	Kidder Peabody & Co - Merrill Lynch
Insituform Group Ltd	4/16/85	175	198	4.20	298	Rooney Pace Inc
Dairy Mart Convenience Stores	7/22/83	174	245	8.25	345	Advest Inc
PAR Pharmaceutical Inc	12/ 2/83	173	245	7.50	345	Ladenburg Thalman & Co
Liberty Fed S&L Assn Pa	12/ 6/83	169	240	10.00	340	Robinson-Humphrey
Genetic Sys Corp	6/ 4/81	169	388	2.00	488	DH Blair & Co
Brookwood Health Svcs/American Med	3/ 6/79	167	303	12.25	403	JC Bradford & Co
Exovir Inc	9/29/83	165	234	4.00	335	Paulson Investment
Area Comm/Continental Cablevision	11/29/82	164	176	8.50	276	Blackstock & Co
Mediplex Group Inc	10/27/83	162	234	15.00	334	Prudential-Bache Donaldson Lufkin & Jenrette
Med-Chem Prods Inc	1/11/83	160	288	8.00	388	James J Duane & Co
Clothestime Inc	12/ 8/83	159	227	11.00	327	Prudential-Bache

The top 100 new issues

Current company name/Acquirer	Date of offering	—% performance— relative to S&P's 500	actual	Offer price	Current value of $100 invested	Underwriters
Cadec Sys Inc	11/10/83	159%	230%	$5.00	$330	DH Blair & Co
Rehab Hospital Svcs Corp/ National Medical Enterprises	2/10/83	155	239	8.25	339	Butcher & Singer Gintel & Co
Pioneer Fed S&L Assn Hopewell Va	7/19/84	155	244	6.00	344	Scott & Stringfellow
Alfacell Corp	1/18/83	153	275	2.50	375	AT Brod & Co
Vapor Corp/Brunswick	7/22/76	148	175	15.00	275	White Weld & Co Kidder Peabody & Co
Comfed Svgs Bk Lowell Mass	4/ 7/83	148	249	13.75	349	EF Hutton
American Med Prods Corp/Delmed	10/ 7/80	147	127	5.00	227	DH Blair & Co
Dyco Petroleum Corp	8/10/76	147	595	9.38	695	Dain Bosworth Inc
Freedom Fed Svgs Bk Oak Brook Ill	12/11/84	143	55	7.25	134	Chicago Corp Blunt Ellis & Loewi
So Boston Svgs Bank/Boston Bancorp	11/ 9/83	141	208	12.00	308	Dean Witter Reynolds
V Band Sys Inc	1/25/84	140	203	5.00	303	Laidlaw Adams & Peck
Spectran Corp	6/ 3/83	139	211	7.00	311	Advest Inc
Perpetual Amer Bk Alexandria Va	8/17/84	139	193	7.50	293	Merrill Lynch Alex Brown & Sons EF Hutton
National Amer Bancorp	2/ 6/84	138	200	10.00	300	Self
Insituform of North America	8/27/81	137	350	2.50	450	Rooney Pace Inc
Entenmann's/Warner Lambert	5/12/76	136	143	18.50	243	Blyth Eastman Paine Webber Dean Witter Reynolds
Arthur J Gallagher & Co	6/20/84	132	205	13.75	305	Morgan Stanley & Co
Juno Lighting Inc	9/ 1/83	132	198	12.75	298	William Blair & Co
Keystone Foods Corp	7/15/75	131	299	11.00	399	Hornblower & Weeks
Georgia Fed Bk Atlanta	1/25/84	130	190	8.50	290	Shearson/Am Express Merrill Lynch Dean Witter Reynolds
Fremont General Corp	1/18/77	130	559	14.50	659	Wedbush Noble Cooke
Home Owners Fed S&L Assn	5/25/84	128	208	10.00	308	Bear Stearns & Co
TIE/Communications Inc	12/ 6/79	128	441	6.25	541	DH Blair & Co
New England Business Svcs Inc	10/ 5/77	127	582	11.00	682	Anthony Tucker & RL Day
Applied Biosystems Inc	6/29/83	127	190	17.00	290	Lehman Brothers Kuhn Loeb Rothschild Inc
Century 21 Real Estate/Trans World Corp	10/11/77	126	174	13.00	274	Wedbush Noble Cooke Bateman Eichler
Jenn-air Corp/Carrier Corp	4/14/77	123	140	14.25	240	Merrill Lynch
Fibronics Intl Inc	10/11/83	123	175	9.00	275	Bear Stearns & Co
Collective Fed S&L Assn	2/ 7/84	123	190	10.50	290	Becker Paribas
Evans & Sutherland Computer CP	9/ 7/78	122	478	20.00	578	Hambrecht & Quist

How the hottest issues fared

Say "new issues" and most people hear "hot issues," the low-priced stocks that make you rich overnight. It does happen, but it's rare. In the real world, losers outnumber gainers. Fully 81 of the 120 hot stocks on the table below turned into long-term losers after the initial runup. We defined hot stocks as those with the biggest gains in the second week after the public offering. (When our computer could pick up trading for a representative list.) We've listed: the 20 hottest stocks that went public at $1 or less; the 40 hottest at more than $1 to $5; and the 60 hottest above $5.

If you want to play with hot stocks, do so only if you can get the original offering price. The aftermarket is a dangerous place. Consider Hirsch Chemie, brought out in June 1983 at 50 cents by Southeast Securities of Florida. By the second week it was up to $2 a share. Investors had high hopes for its planned cancer treatment products. Where is Hirsch Chemie today? At 6 cents a share.

What keeps investors coming? The occasional winner. Home Centers of America came out at $3.13 a share, doubled in price by its second week and was bought out at $11 by K mart.

Current company name	Date of offering	Offering price*	Initial % gain	Adjusted offering price*	Current price	% gain relative to S&P's 500	Underwriters
$1 or less							
Dallas Oil & Minerals Inc	2/ 9/81	$0.10	4,899%	$1.00	$0.19	–90%	Fitzgerald DeArman & Roberts
Ross Exploration Inc	5/ 4/83	0.10	2,150	0.50	0.15	–76	Kobrin Securities
Surgery Centers	6/ 6/83	0.50	375	0.50	0.19	–71	RF Lafferty
Intl Remote Imaging	12/ 5/80	1.00	363	1.00	2.00	10	OTC Net
Softguard Systems	1/16/84	0.20	338	0.20	0.09	–64	RB Marich
American Network	9/ 1/83	1.00	300	1.00	3.25	153	Muller & Co
Hirsch Chemie	6/20/83	0.50	300	0.50	0.06	–90	Southeast Securities
US Minerals Exploration	7/10/80	0.10	275	0.10	0.66	211	J Daniel Bell & Co
Parallel Petroleum	10/ 1/80	0.20	275	2.00	0.38	–90	First Financial Sec
Nova Petroleum	12/ 4/79	0.25	250	0.25	0.06	–90	BJ Leonard & Co
Cheyenne Resources	2/ 8/80	0.25	250	0.25	0.03	–94	MH Meyerson & Co
Bogert Oil	10/31/80	1.00	250	1.00	0.72	–62	Fitzgerald DeArman Roberts
Crab House[1]	3/23/79	0.15	233	0.15	0.97†	224	Norbay Securities
Denelcor	8/28/78	1.00	225	1.00	0.19	–93	EJ Pittock
Impact Energy	2/ 3/81	0.20	213	0.20	0.03	–92	Wall St West
Hal Rad Communications	5/31/85	0.50	206	0.50	1.31	155	RB Marich
JM Resources	3/ 6/81	0.25	200	2.50	0.03	–99	N Donald & Co
Prima Energy	9/15/80	0.30	192	0.30	0.19	–67	Engler & Budd
Enterprise Oil & Gas	5/15/81	0.13	188	0.13	0.03	–86	MH Meyerson
Woodbine Petroleum	12/ 3/80	1.00	188	1.00	0.03	–98	EJ Pittock
Greater than $1 and up to $5							
Keystone Med Corp	12/22/83	3.00	1,229	3.00	5.25	37	AT Brod & Co
AL Williams Corp	7/ 7/82	5.00	440	1.60	13.00	289	Self
Hemotec Inc	3/28/75	1.25	290	0.83	4.00	26	Douglas Stanat & Co
NU Med Inc	3/17/80	4.00	194	3.20	6.75	–15	Herbert Young Securities
Healthmate Inc	3/13/85	1.75	150	1.75	1.81	6	Creative Securities
NU Horizons Electrs Corp	5/24/83	1.50	150	1.50	3.38	74	GK Scott & Co
Whitman Med Corp	6/17/81	3.00	125	3.00	1.75	–67	Broadchild Securities
Mobot Corp	10/21/80	2.00	125	2.00	1.13	–70	Paulson Investment
Neomed Inc[2]	10/16/78	2.75	123	2.75	8.82†	117	Craig-Hallum Inc
Syncor Intl[3]	9/16/80	3.60	101	2.40	4.25†	–7	Muller & Co

[1]Acquired by Capt Crab's Takeaway. [2]Acquired by Roter Group. [3]Acquired by Nuclear Pharmacy. *Per common share. †Takeover price.

How the hottest issues fared

Current company name	Date of offering	Offering price*	Initial % gain	Adjusted offering price*	Current price	% gain relative to S&P's 500	Underwriters
Mitral Medical Intl	5/30/80	$3.00	100%	$2.00	$1.94	–57%	Engler & Budd
Cytox Corp	12/19/80	2.00	100	2.00	0.53	–85	Rooney Pace Inc
Tenderfoot Intl Inc	5/ 3/78	1.25	100	1.25	0.13	–93	Columbine Sec
St Jude Medical	2/ 9/77	3.50	100	0.88	17.75	591	Craig-Hallum
Caesars NJ Inc	10/18/78	5.00	100	5.00	10.13	–25	Janney Montgomery Scott
Home Centers of America[1]	5/13/83	3.13	100	1.57	11.00†	225	DH Blair & Co
Life Care Communities Corp	4/ 5/83	3.00	92	3.00	2.88	–32	MH Meyerson & Co
Widcom Inc	8/ 4/83	2.00	88	2.00	4.63	76	Citiwide Securities
Jones Hosplex Sys Inc	5/ 9/83	3.00	83	3.00	0.16	–96	Bond Richman & Co
Miller Technology & Comm	4/13/79	2.50	80	2.38	0.19	–97	Continental Am Sec
Hospital Staffing Svcs Inc	12/ 6/83	3.00	79	3.00	2.38	–37	Werbel-Roth Sec
Polymeric Res Corp	1/27/83	4.00	75	4.00	2.88	–52	Broadchild Securities
Animed	3/14/84	5.00	75	2.50	9.38	203	Starr Sec
Cryodynamics Inc	4/26/84	1.25	70	1.25	0.69	–57	Creative Securities
Info Designs Inc	5/12/83	5.00	70	5.00	0.50	–92	First Heritage
Telephone Specialists Inc	3/26/83	2.00	69	2.00	1.50	–47	Robert Peterson SC
Pico Prods Inc	7/16/81	3.00	67	3.00	2.25	–59	Rooney Pace Inc
Suntec Sys Inc	4/11/78	1.50	67	1.50	0.01	–100	Engler & Budd
QMAX Technology	11/ 8/84	5.00	65	2.50	5.50	86	Starr Sec
Detroit Tex Gas Gathering Co	11/10/80	2.00	63	2.00	0.69	–82	Jay W Kaufman
Howtek Inc	12/13/84	5.00	60	5.00	10.00	63	Whale Securities
Pharmatec Inc	8/ 5/83	5.00	60	5.00	2.63	–60	MH Meyerson & Co
North American Holdings	3/21/84	3.00	58	3.00	5.63	45	North American Investment
Laser Photonics Inc	1/ 5/83	5.00	55	5.00	4.13	–46	DH Blair & Co
Fonar	10/23/81	5.00	55	5.00	4.13	–58	OTC Net
Benafuels	5/13/83	2.00	50	2.00	0.25	–90	N Donald & Co
Tago	6/ 8/83	2.50	50	2.50	0.19	–94	Muller & Co
Technology 80	5/14/85	3.50	50	3.50	3.63	–2	Pagell Inc
C Pac	3/31/81	4.50	50	4.50	0.69	–91	JE Sheehan & Co
National Royalty	3/30/81	2.00	44	2.00	2.25	–37	Houchin Adams & Co
Greater than $5							
Ribi Immunochem	5/27/81	6.00	154	1.00	56.50	265	Swartwood Hesse & Levine
Artel Communication Corp	6/ 2/83	6.00	117	6.00	7.50	–4	Rooney Pace Inc
Fuddruckers Inc	11/ 3/83	7.00	107	7.00	5.00	–44	John G Kinnard & Co
Genentech Inc	10/14/80	35.00	104	23.33	48.63	12	Blyth Eastman Paine Webber
Primages Inc	5/12/83	7.00	104	7.00	2.88	–68	Rooney Pace Inc
Universal Health Services	7/ 9/81	20.00	103	10.00	12.38	–32	Merrill Lynch
Odetics Inc	7/14/81	18.00	94	18.00	4.63	–70	Blyth Eastman Paine Webber
Sterling Software Inc	5/ 4/83	9.00	93	9.00	9.88	–16	Rotan Mosle Inc
Interand Corp	6/ 2/83	10.00	90	10.00	12.25	–6	Ladenburg Thalman & Co
Information Resources	3/ 4/83	23.00	89	11.50	25.75	59	Hambrecht & Quist
Electro-Biology	2/18/81	10.00	85	6.68	10.25	–18	Robertson Colman Stephens
KLA Instruments	10/ 8/80	18.00	82	3.00	19.00	240	Kidder Peabody
Triangle Microwave	11/26/82	6.25	80	3.13	5.38	6	Muller & Co
Team Inc	10/ 7/80	15.00	80	15.00	3.38	–88	Rotan Mosle Inc
Rax Restaurants Inc	7/14/83	13.00	79	13.00	5.88	–65	Ohio Co

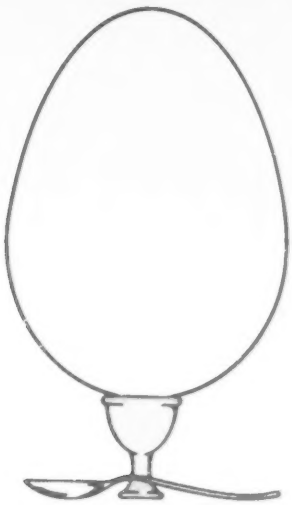
[1]Acquired by K mart. *Per common share. †Takeover price.

How the hottest issues fared

Current company name	Date of offering	Offering price*	Initial % gain	Adjusted offering price*	Current price	% gain relative to S&P's 500s	Underwriters
CFS Finl Corp	5/15/85	$9.00	79%	$9.00	$14.00	38%	EF Hutton
Hytek Microsystems Inc	4/13/83	7.00	79	7.00	7.25	–24	Allen & Co
Intergraph	4/ 7/81	18.00	71	4.50	26.63	231	Dean Witter Reynolds
Xicor Inc	10/28/80	6.50	69	6.50	6.75	–46	DH Blair & Co
Biotech Research Labs	3/19/81	6.25	68	3.13	8.25	47	Shoenberg Hieber Inc
Clubmart of Amer Inc	5/18/83	5.25	67	5.25	0.50	–93	Rooney Pace Inc
US Health Care Systems	2/ 9/83	20.00	66	2.63	28.25	619	Merrill Lynch
Avant-Garde Computing Inc	6/30/83	16.00	66	16.00	5.63	–72	Kidder Peabody & Co
Telesphere Intl	4/23/81	10.00	65	2.96	3.75	–29	DH Blair & Co
21st Century Envelope	12/15/82	7.00	64	7.00	1.38	–88	Invemed Associates
British Telecomm Plc	12/ 3/84	15.49	62	15.50	27.13	42	Morgan Stanley & Co
Washington Fed S&L Seattle	11/ 9/82	11.75	62	4.75	26.25	261	Merrill Lynch
Tacoma Boatbuilding	9/30/80	18.00	61	8.00	1.25	–92	Bear Stearns & Co
Applicon Inc[1]	7/22/80	22.00	60	22.00	73.08†	224	Blyth Eastman Paine Webber
Triad Sys Corp	12/18/79	15.00	60	15.00	8.75	–75	LF Rothschild
Elan Pharmaceutical Labs[2]	1/19/82	6.25	60	4.17	11.50†	77	DH Blair & Co
Dickey-John	1/15/76	15.00	60	10.00	13.50	–58	William Blair & Co
GD Ritzy's	12/13/82	10.00	58	6.67	1.63	–84	Ohio Co
Viratek Inc	5/ 7/81	7.00	57	7.00	20.38	61	DH Blair & Co
Deca Energy Corp	12/17/80	7.00	57	7.00	0.56	–96	Boettcher & Co
United Educat & Software	12/ 7/82	7.00	57	7.00	2.75	–74	Laidlaw Adams & Peck
ISC Systems	9/16/80	19.50	56	4.88	13.13	39	Blyth Eastman Paine Webber
SIS Corp	5/26/83	8.00	56	8.00	5.25	–49	McDonald & Co
SAL Communications Inc	6/12/81	10.00	55	10.00	0.25	–99	James J Duane & Co
Argo Systems	12/ 2/82	21.50	55	10.75	19.50	15	Hambrecht & Quist
Lyphomed	5/13/83	12.00	54	5.33	16.50	138	Montgomery Sec
Inter-Tel	2/ 5/81	12.50	54	6.25	2.50	–60	Prudential-Bache
Endotronics	7/21/83	7.00	54	4.67	18.50	216	Summit Investment
Laser Inds Ltd	2/26/81	7.50	53	7.50	9.38	–32	Rooney Pace Inc
Cable TV Inds	5/13/81	10.00	53	10.00	2.63	–86	Bateman Eichler
Evans & Sutherland	9/17/78	20.00	53	3.33	19.00	120	Hambrecht & Quist
Distributed Logic Corp	6/ 2/83	7.00	50	7.00	5.13	–44	Laidlaw Adams & Peck
Lee Data Corp	11/19/82	19.00	49	19.00	5.38	–82	Shearson/Am Express
Dreco Energy Svcs Ltd	12/ 3/80	17.50	49	17.50	0.30	–99	Rotan Mosle Inc
Interpharm Labs Ltd	5/12/81	6.25	48	6.25	3.50	–68	Rooney Pace Inc
NBI	12/12/79	20.00	48	6.67	11.13	–30	Paine Webber Jackson Curtis
Detector Electrs Corp	6/ 2/81	16.00	47	16.00	5.25	–82	Piper Jaffray Hopwood
Aitos Computer Systems	11/ 4/82	21.00	46	21.00	11.00	–66	LF Rothschild
Floating Point Systems	9/28/78	18.00	46	9.00	32.00	33	Goldman Sachs
International Pwr Machs Inc	9/25/80	9.50	45	9.50	4.88	–73	Rotan Mosle Inc
Home Fed Savings Rock	5/10/83	9.20	44	8.76	14.25	26	Boettcher & Co
Vortec Corp	2/ 4/82	7.00	44	6.29	8.13	–34	DH Blair & Co
Med-Chem Products	1/11/83	8.00	44	4.00	15.50	160	James Duane & Co
Kentron International[3]	6/22/83	12.00	44	12.00	4.25†	–69	Rotan Mosle Inc
Key Image Sys Inc	8/ 3/83	6.50	42	6.50	0.38	–96	DH Blair & Co

[1]Acquired by Schlumberger. [2]Acquired by Elan Corp. [3]Acquired by Planning Research. *Per common share. †Takeover price.

The 30 largest initial offerings



In buying new issues, is it safer to stick with the big ones? Does the size of a new issue make for better long-term performance? Most of the time, no. The table below shows the performance of the 30 largest initial public offerings of common stock from the start of 1975 through June 30, 1985. Each raised at least $100 million from the public. We measured percentage gain or loss to the present, compared with the initial stock price and with the Standard & Poor's 500. There were plenty of losers among the big ones. For example, every $100 invested in the conversion from mutual association to stock company of Home Federal Savings Association of San Diego, which has declined 73% since its offering in March 1983, is worth only $27 today. An investment in Mack Trucks, spun off from Signal Cos. and brought public, recently was down 40% from its initial offer price. There are some winners among the big ones. Pearle Health Services, offered two years ago at $17, was recently acquired by GrandMet USA at $33 a share. Shares in British Telecommunications, which came public last year at $15.50, are up 66%. A major reason: A check of our database in the weeks following the offering appears to indicate it was fairly well priced. Meaning: The investment bankers didn't squeeze the last dollar out of the offering; as the saying goes, they "left something on the table." The biggest loser on the list is Fortune Systems, a horrendously overpriced issue on offering that today is worth $8 for a $100 investment. Overall, out of a universe of 30 new issues of $100 million or more, 19 were lower than their offering prices, and 24 were down more than the S&P's. Big isn't best.

Current company name	Date of offering	Offer value (000)	—% performance— relative to S&P's 500	actual	Underwriters
Philadelphia Svgs Fund Society	9/14/83	$340,336	–31%	–12%	Salomon Brothers Drexel Burnham Lambert Goldman Sachs & Co
Calfed Inc	3/29/83	292,923	–16	19	EF Hutton Merrill Lynch Warburg Paribas Becker
British Telecommunications Plc	12/ 3/84	278,819	42	66	Morgan Stanley & Co First Boston Goldman Sachs & Co
Glendale Fed S&L Assn Cal	10/ 5/83	243,598	–27	–8	Dean Witter Reynolds Shearson/Am Express Salomon Brothers
Mack Trucks Inc	8/ 1/83	205,500	–52	–40	Lazard Frères Merrill Lynch Shearson/Am Express

The 30 largest initial offerings

Current company name	Date of offering	Offer value (000)	—% performance— relative to S&P's 500	actual	Underwriters
Student Loan Marketing	9/25/83	$230,000	41%	76%	Goldman Sachs & Co First Boston
Gemini II Inc	2/15/85	200,000	–7	1	Merrill Lynch
Home Fed S&L Assn San Diego	3/30/83	197,272	–80	–73	Shearson/Am Express Merrill Lynch Dean Witter Reynolds
Tribune Co New	10/12/83	187,250	46	81	Salomon Brothers Merrill Lynch
EQK Realty Investors 1	3/ 5/85	171,056	–14	–8	Salomon Brothers Paine Webber Jackson & Curtis
LSI Logic Corp	5/13/83	161,700	–33	–13	Morgan Stanley & Co Hambrecht & Quist
Gulfstream Aerospace Corp	4/ 8/83	152,000	–26	0	Shearson/Am Express
Bowater Inc	5/17/84	131,596	–4	26	First Boston
Adolph Coors Co	6/10/75	127,100	–85	–46	Dillon Read & Co
Diasonics Inc	2/23/83	122,936	–90	–85	F Eberstadt & Co LF Rothschild Hambrecht & Quist
Erbamont NV	6/21/83	122,760	–39	–24	Wertheim & Co
Cetus Corp	3/ 6/81	120,174	–64	–34	Lehman Brothers Kuhn Loeb LF Rothschild
NI Industries Inc	10/27/83	120,000	–5	10	Kidder Peabody & Co Goldman Sachs & Co
ICM Property Investors Inc	1/25/85	115,000	–33	–26	Merrill Lynch
Televideo Sys Inc	3/15/83	112,500	–90	–86	LF Rothschild Robertson Colman Stephens Shearson/Am Express
Pearle Health Svcs[1]	9/16/83	112,200	59	94	William Blair & Co Goldman Sachs & Co
Burlington Coat Factory	6/9/83	112,000	–55	–42	Prudential-Bache
Apple Computer Inc	12/12/80	110,000	–55	–15	Morgan Stanley & Co Hambrecht & Quist
Fortune Sys Corp	3/ 4/83	110,000	–94	–92	First Boston Alex Brown & Sons Montgomery Sec
Reuters Holding Plc	6/ 4/84	107,250	33	76	Merrill Lynch Morgan Stanley & Co
Highland Superstores Inc	5/ 9/85	103,600	13	21	Goldman Sachs & Co EF Hutton
Omnicare Inc	7/17/81	102,000	–77	–59	F Eberstadt & Co LF Rothschild
Americana Hotel & Realty Corp	11/ 5/82	100,000	–47	–19	Dean Witter Reynolds Merrill Lynch Blyth Eastman Paine Webber
Florida Fed S&L Assn	5/26/83	100,000	–24	–2	Kidder Peabody & Co
Strategic Mtg Investments Inc	12/12/84	100,000	–25	–8	Merrill Lynch

[1]Acquired by GrandMet USA.

Penny stocks and other illusions

Trying to make sense out of the penny stock market for investment purposes is a profitless task—as profitless as trying to speculate in them.

For instance, when asked to give us the top penny stock performers ranked against the Standard & Poor's 500, our computer spit out the name of a company that appeared to have gone from 20 cents to more than $18 a share. But a check of this company's Securities & Exchange Commission filings and phone calls to the company and its underwriter revealed it to be a so-called shell, a company name that had been registered publicly in the state of Utah, with no assets and, in fact, no business. Then we discovered that four companies had merged into this shell, with insiders of these companies taking shares and apparently bidding up the price, even while there were no operations.

So, to come up with the table below, we employed various screens on our database and followed up with human effort, attempting to eliminate issues that represent mere manipulation. We found that 125 of the 850 penny stocks appear to have outperformed the Standard & Poor's 500 from the day they came public. Of course, given the high risk factor in this wild market, a truly good performer should have at least doubled the S&P's 500, and only 65 of the 850 issues appear to have accomplished that.

But, again, we can't vouch unqualifiedly for the accuracy of many of the final prices in our penny stock database. Some 400 are listed only through the National Quotation Bureau's pink sheets, in which marketmakers do not have to report volume or price. Call a marketmaker for a bid on a thinly traded offering, and he may well give you one price for 1,000 shares and half of that for 1,000 more. So, if anything, our pink sheet quotes are probably overly generous.

The investment banker who brought out one of the newer penny issues listed here was charged by the SEC with stock manipulation. The bottom ranks of the brokerage firm performance list on page 155 are littered with the names of now-defunct penny stock brokers: Southeast Securities of Florida and Colorado's First Financial Securities, N. Donald & Co. and OTC Net.

You say you know all this, that the way to play this market is by getting in and out fast. Again, getting in is easier than getting out. To whom do you sell the stock? Back to the marketmaker? In the penny stock world, marketmakers have a nasty habit of going out of business because they can't, over an extended period, support the prices of the stock issues that make up a large portion of their net capital position. As the brokers say about penny stock performance: It looks good, but try to sell it.

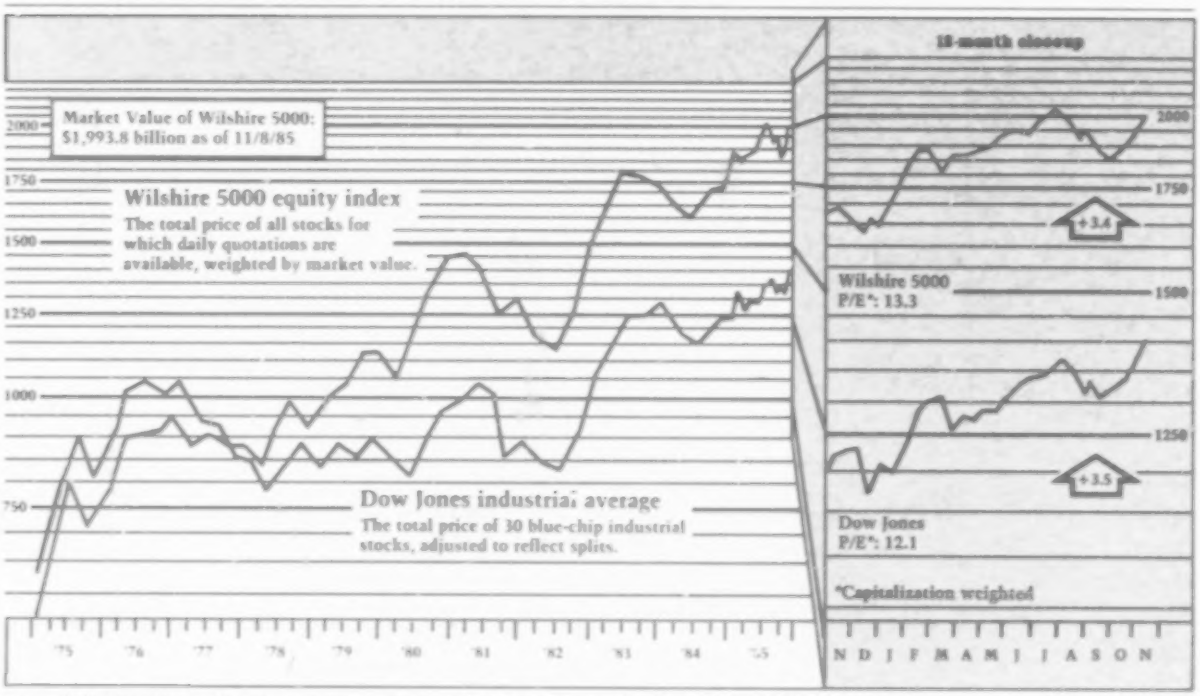
Penny stocks? It's easy enough to lose money in good stocks, so why mess around in this jungle?

Current company name	Date of offering	—% performance— relative to S&P's 500	actual	Offer price	Current value of $100 invested	Underwriters
Icoa Inc	12/ 6/84	4,870%	5,733%	$0.06	$5,833	AAA Capital & Sec
Nastech Pharmaceutical Inc	4/27/84	3,151	3,900	0.01	4,000	J Brooks Securities
Metcom Inc	3/21/85	2,277	2,400	0.01	2,500	Western Capital
Chemex Pharmaceuticals Inc	1/17/75	2,098	9,900	0.10	10,000	United Securities
Media III	3/ 7/84	1,851	2,400	0.01	2,500	Rigel Securities
American Talent Associates	10/ 3/84	1,801	2,150	0.10	2,250	Investors Center
NTN Communications	11/19/84	1,715	1,446	0.05	1,815	Alpine Securities
Tevere	7/27/83	1,545	1,900	0.10	2,000	Am Venture Sec
Med Lab Systems	2/13/85	1,110	1,150	0.01	1,300	Medicorp Inc
Maxxam Corp	10/12/83	656	800	0.25	900	Citiwide Securities
Compusonics	12/ 1/83	523	650	0.02	750	Blinder Robinson
Spearhead Energy[1]	5/30/79	492	725	1.00	825†	J Daniel Bell & Co
Imperial Energy Corp	8/ 8/80	421	900	0.10	1,000	Security Traders Inc
Rocky Mountain Exploration[2]	3/26/82	413	750	0.02	850†	Self
Cheung Labs Inc	3/ 5/85	397	438	1.00	538	GK Scott & Co
Sunergy Communities[3]	1/31/80	360	713	0.50	813†	Wall St West
Info-Data	11/ 1/83	347	450	0.50	550	Citiwide Securities
Paperback Software	1/31/85	326	350	0.10	450	Vanderbilt Sec
Arcadia Petroleum[4]	3/ 3/81	318	320	0.10	420†	Blinder Robinson
Standard Systems & Tech	3/22/82	313	700	0.01	800	Self

[1]Acquired by Universal Fuels [2]Acquired by Carmel Energy. [3]Acquired by River Oaks Industries. [4]Acquired by Kee Exploration.
†Value at merger.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Record highs—for whom? The Dow gained 48 points during the last four weeks to break the 1400 threshold. But unlike the Dow, the Nasdaq is 8.8% behind its all-time peak of June 1983. Cheap stocks, in particular, have a lot of catching up to do. The yardsticks below show that over the last 52 weeks shares priced over $25 are up 28.3%, while those priced under $5 gained only 6.7%.

Merger fever has helped keep blue chips in the limelight, but the light may be moving to secondary stocks. In the last four weeks the Nasdaq gained 6.5%, vs. 4.8% for the Dow.

Will the rally continue? Security analysts, as they are wont to do, have been scaling back 1986 earnings estimates *(see p. 254)*. But the downward drift of interest rates and gold prices signals that the market need not be overly concerned about the problem of inflation. The falling dollar may help U.S. exporters, but it might also discourage European stock buyers.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.3	5.3	4.8	5.0	4.9	6.5
in last 52 weeks	16.5	18.3	15.2	15.7	10.3	20.2

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.0	3.2	8.3	4.4	5.2	5.2	4.5	4.5	7.2	4.7	6.3	3.2
in last 52 weeks	18.7	17.7	28.3	28.1	13.1	24.0	21.8	29.1	28.9	24.8	28.3	6.7

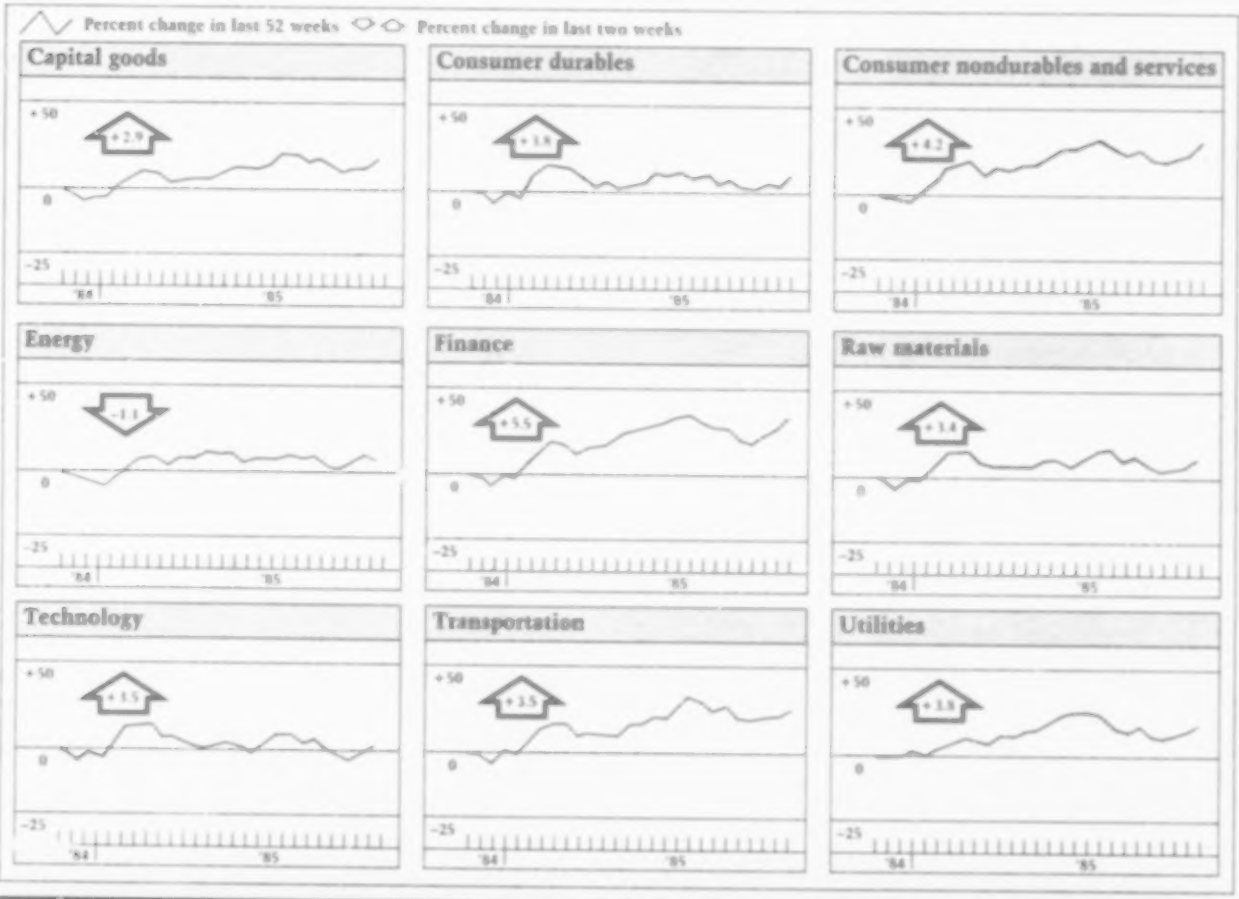
[1]Based on sales
[2]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations, low volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 11/8/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Consumer stocks on the march. The consumer sectors were among the best performers during the recent two weeks. Consumer nondurables were up 4.2% and consumer durables, 3.8%. Of the nondurables group, U.S. Health Care Systems, a provider of health maintenance programs, was the best large capitalization stock, with a gain of more than 20%. GenCorp, a tire and broadcasting concern, led consumer durables with a 22% gain. GenCorp announced plans to sell several choice broadcasting properties and to close a tire plant.

The only sector to lose ground was the energy group, which was hurt by a 16% decline in Texas Oil & Gas. The merger deal with U.S. Steel proved to offer less than mouth-watering terms.



What The Analysts Think

Down on technology. During the last two weeks analysts made their sharpest cuts in 1985 estimates for technology shares. The tumbling estimates help explain why this group has the poorest 52-week performance—a gain of only 3%. Contrarian note: That much analyst pessimism suggests there could be some buys in technology.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.23	12.4
1985 estimates	3.76	10.7
1986 estimates	4.35	9.2

Rank based on change in estimate	Sector	Estimated 1985 EPS	Estimated 1985 P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Consumer durables	$4.96	8.1	0.86%	0.47%
2	Utilities	3.44	8.2	-0.22	-0.47
3	Energy	3.65	8.7	-0.25	-0.82
4	Consumer nondurables	2.36	13.7	-0.31	0.60
5	Finance	3.11	11.0	-0.43	-0.67
6	Capital goods	2.51	13.0	-0.85	-2.32
7	Transportation	2.40	11.5	-1.01	-1.97
8	Raw materials	1.77	14.3	-1.09	-3.16
9	Technology	2.53	13.6	-1.53	-3.21

Earnings projections are capitalization weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York based brokerage firm.

Note: All data for periods ending 11/8/85. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

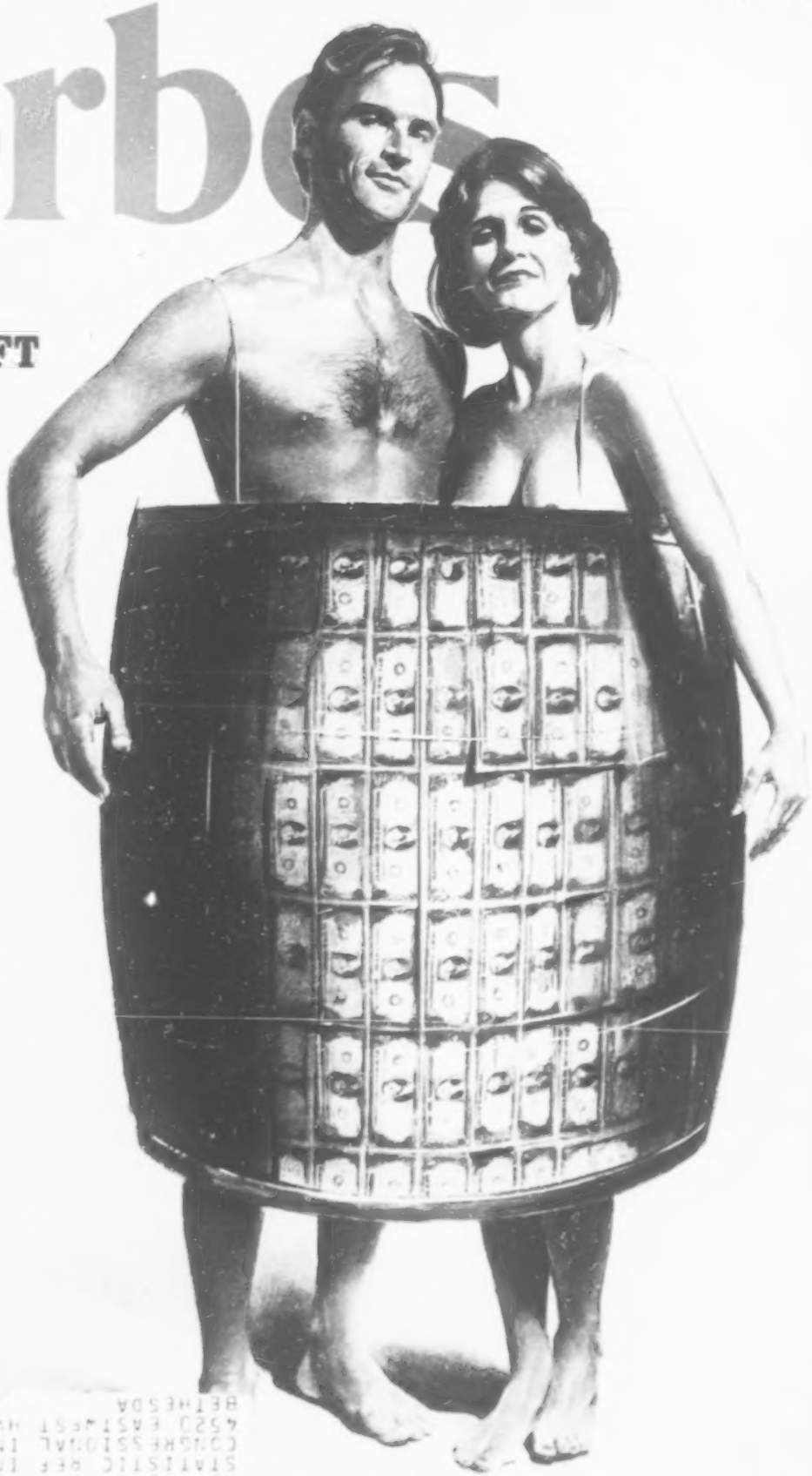
DECEMBER 16, 1985 THREE DOLLARS

C 3950-1

Forbes

SPENDTHRIFT AMERICA?

THE MYTH EXPOSED



Forbes

December 16, 1985
Volume 136
Number 15

128 43

The editorial index of companies referred to in this issue is on pages 240 and 241.

Companies

38 Rolls-Royce Ltd.
The British will have to decide whether the famed engine-maker is a business or an instrument of national prestige.

44 General Electric Co. Plc.
Britain's Arnold Weinstock has $2 billion in the till and is ready to make his move—maybe in the U.S.

54 Chesebrough-Pond's
Consensus was that Chesebrough-Stauffer was a rotten merger. Rotten perhaps, but, if so, for the wrong reasons.

58 Home Box Office
At Home Box Office staffers have learned the merits of cafeteria food, and profits have been growing again.

62 The Up & Comers
Dad was content to sell apple juice, but son Tim of Hansen Foods has a bigger idea. Also: Megarisks in movies and munchies; Underwood Neuhaus.

98 S.S. Pierce Co.
Public companies court Wall Street. Private companies don't. Publicly owned S.S. Pierce Co. acts like a private company—a very smart private company.

102 Whitney Bank
Old-fogy ways have put Whitney National Bank at the top in profits, but the bank may be getting a bit wheezy.

106 RCA
Wonder why the raiders don't go after RCA? Ask Thornton Bradshaw.

112 Financial News Network
Napoleon would have liked FNN President Paul Steinle. Napoleon liked lucky generals.

114 Tambrands Inc.
What's a nice little company like Tambrands doing in something like monoclonal antibodies, anyway?

136 Manpower, Inc.
Parker Pen is one of the world's most recognizable brand names. So why is Mitchell Fromstein selling it at a loss?

148 Shiseido Co.
Japan's cosmetics giant did superbly well during its first century. Can it repeat the trick in its second?

151 Pan Am Corp.
Pulled from the tracks seconds ahead of the onrushing locomotive, our damsel now faces circling sharks.

154 Del E. Webb Corp.
Bob Swanson avoided disaster; now for the hard part.

168 RepublicBank
After the oil boom, RepublicBank of Dallas is emerging as the strongest of the big Texas banks.

The Economy

128 Cover Story: Are We A Nation Of Spendthrifts?
Americans, we are told, are spending too much and saving too little. Scary, but is it true?

Departments

6 Side Lines
8 Trends
14 Follow-Through
18 Readers Say
25 Fact and Comment
28 Other Comments
31 Fact and Comment II
243 Flashbacks
244 Thoughts

Money & Investments

33 What's Ahead For Business
34 The Forbes Index
211 The Forbes/Wilshire 5000 Review

Columnists

227 Ben Weberman
228 Susan Lee
230 David Dreman
232 Ann C. Brown
234 Srully Blotnick
236 Stanley W. Angrist

83

196

International

120 Shogun Bonds And Yankee Equity
An American company and a Japanese firm profit from each other's financial markets.

140 Follow The Clones
Bache started with Japan Fund; then came the Mexico Fund; now for the new First Australia Fund.

Investing

40 Colorado Condo Blues
Want a condo at a giveaway price? Go straight to the bank—it's probably got plenty.

42 Victor's Smiling Face
Has Potentate Posner gone soft? Why is the management of his latest conquest still sticking around?

43 The Texas Two-Step
Americana Hotels & Realty Corp. began as a waltz with the Bass brothers. Now it has become a slam-dance.

144 The Money Men: George Williams
For Allied Capital Corp., venture capital is not computers but pizza parlors and roller rinks.

214 Statistical Spotlight: Return On Equity
How much should investors pay for a company with a high return on equity? Here's one answer.

220 The Funds: Timing
It's tough to buy a resource fund when inflation is down, but it may be smart. Also: Templeton's Australia.

238 Streetwalker
Sanders Associates; Minebea Co.; Ramada Inns; Anthem Electronics; Pope & Talbot; Johnson & Johnson.

Taxing Matters

75 The Worst Of Times?
Are tax shelters dead? Don't bet on it.

On The Docket

83 Everyone Out Of The Pool
Who would quarrel with a system that would get money to asbestosis victims faster? Their lawyers, of course.

Numbers Game

96 Banking Regulation
Time is running out on an inefficient system.

Marketing

174 Kashing In On Kids
Creating winners in a crowded market. Also: Beta VCRs.

Technology

118 As I See It: Douglas Olesen
Business' "Not Invented Here" syndrome.

180 Tiny Bubbles
Liposome Co. wants some products before it goes public. Also: Genentech; the Bell companies.

Personal Affairs

188 Paper Profits
Are those dusty old stocks in the attic worth anything? Also: Hope for diabetics.

Careers

196 Cuisine Arts And Sciences
Cooking goes to college.

Faces Behind the Figures

202 Alexander Cunningham, *General Motors*
202 Charles Hyde, *Oshkosh B'Gosh, Inc.*
204 Albert Berger, *Mode O'Day*
204 Stephen Merrett, *R.J. Merrett Syndicates*
208 Juergen Bartels, *Carlson Cos.*
208 Phyllis Davis, *Avon Products, Inc.*

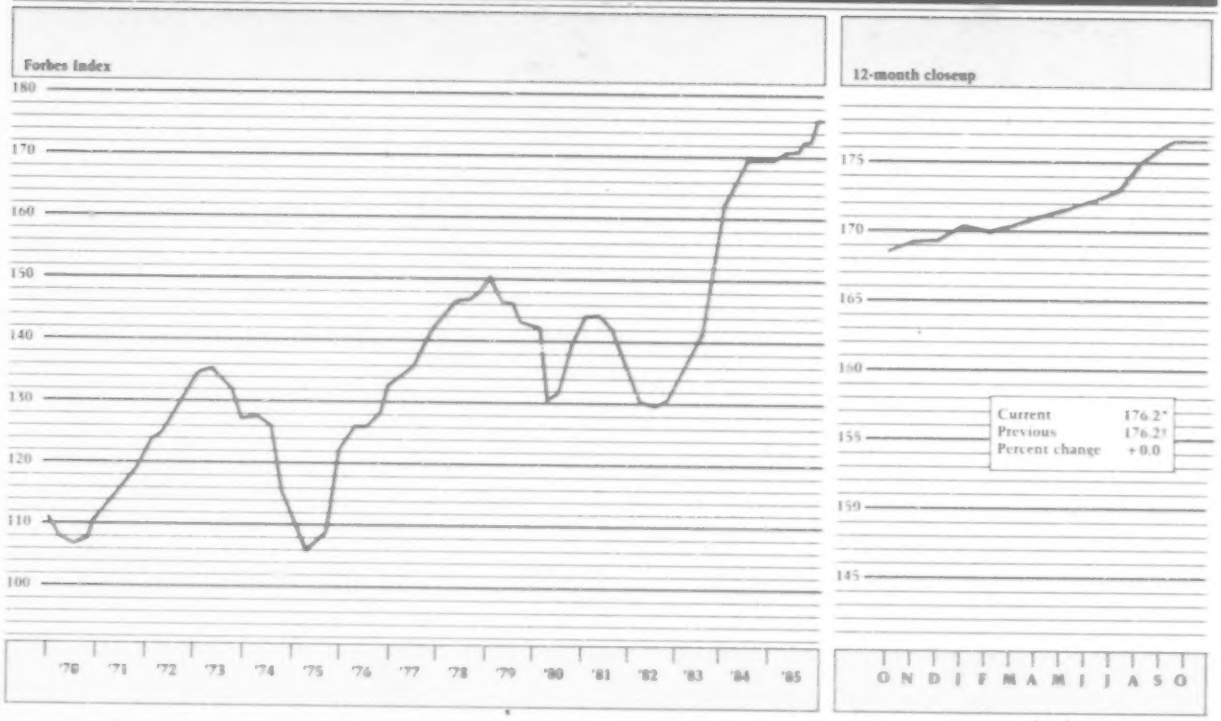
December 16, 1985 Volume 136 Number 15 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1985 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Alan Reingold

The Forbes Index



*preliminary †revised

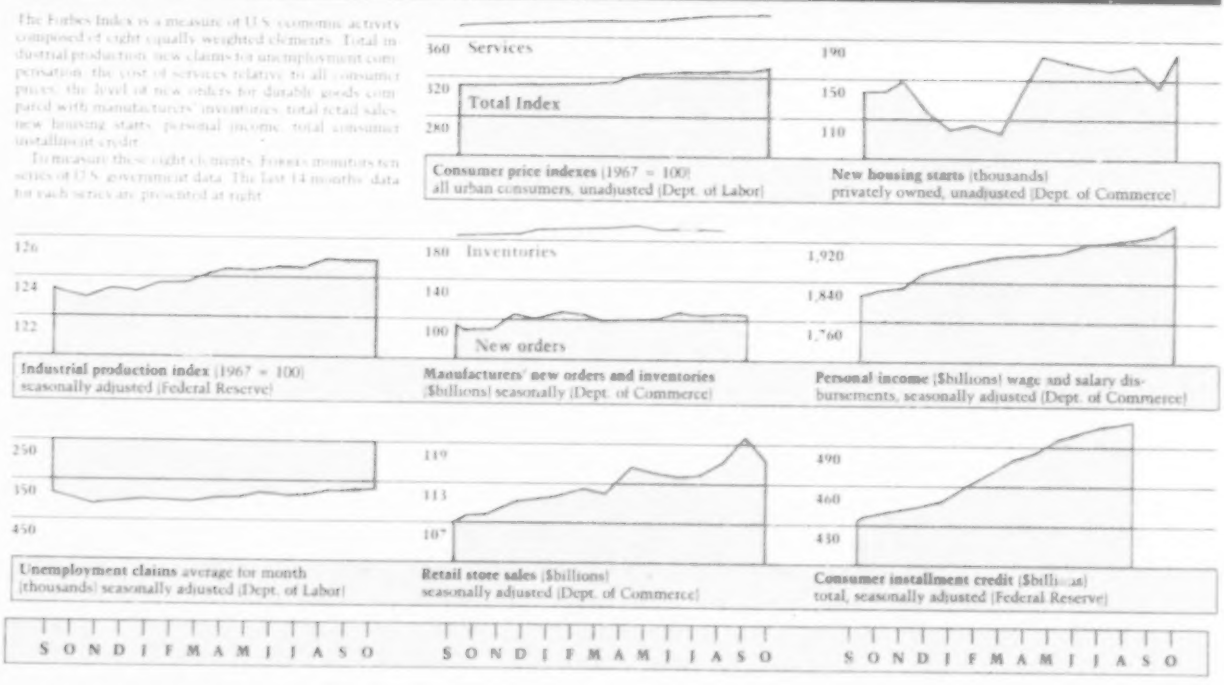
For sale. Housing starts in October were 13% higher than for October 1984. Builders are taking advantage of low mortgage rates and are trying to make profits before the so-called tax reform, which may prove to be unfavorable to builders, is passed. Retail sales failed to climb in October for the first time in four months, but that was expected. Rebates and discount loans on autos were mostly over.

What happens as shoppers move into the Christmas season? The moderately good news is that people will have a bit more to spend. Personal income, adjusted for inflation, is 3.4% higher than a year ago. The bad news is that consumer debt increased for the eighth consecutive month. Consumers can afford to finance only so many more cars.

The Forbes Index Components

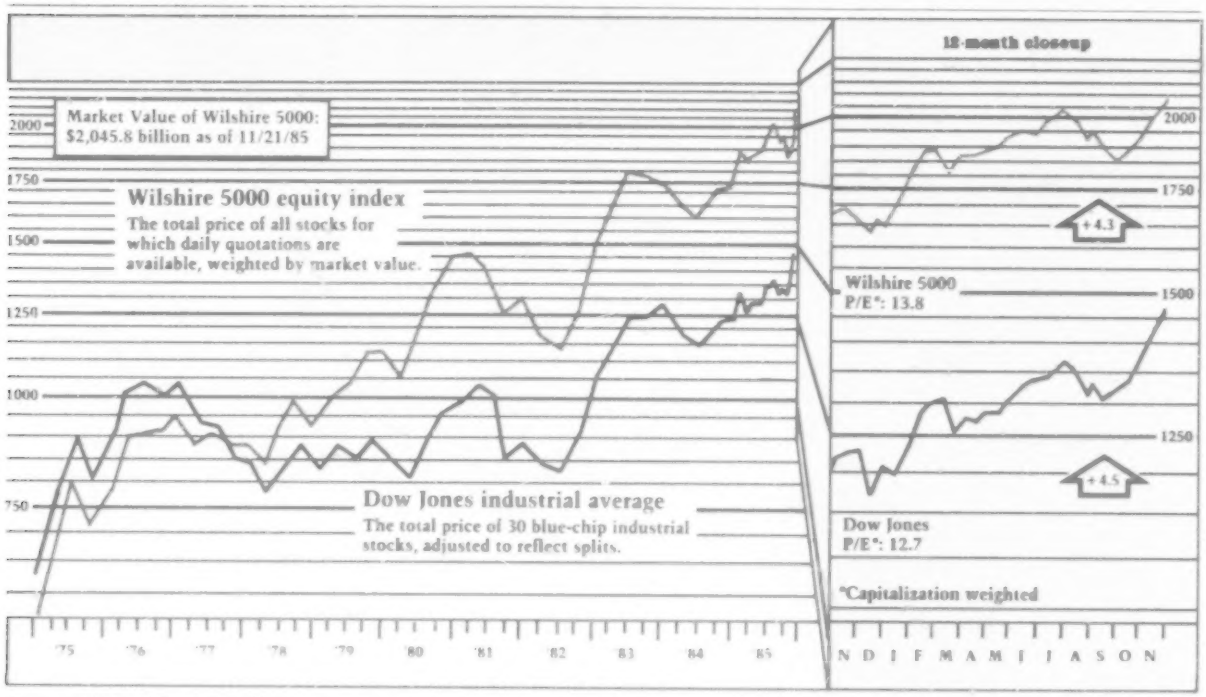
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Born to be wild. The rally flexed its muscles during the last two weeks, with secondary stocks showing nearly as much strength as the Dow. The gap between the Dow, up 4.5% for two weeks, and the Nasdaq, up 4%, is narrower than the gap in recent months. Earlier, the Dow was boosted by General Foods, taken over by Philip Morris at $120 a share. More recently, the Dow has benefited from action in McDonald's, which hit a 52-week high. Big Mac was one of the two issues recently substituted into the 30-stock average to take the place of General Foods and American Brands. The other newcomer is Philip Morris.

Nasdaq issues are only making up for lost ground. Although the Nasdaq composite is still some 6% off its 1983 high, it shows the best 52-week performance of the major market indicators, with a 27.3% gain. Another underdeveloped area may be the Amex, where share prices are up only 16.1% over the last year, vs. 23.2% for the Wilshire index.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.7	5.5	7.3	6.6	5.7	6.4
in last 52 weeks	23.3	25.0	21.7	22.5	16.1	27.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.5	3.7	8.7	4.3	6.2	5.3	4.8	5.0	7.3	5.1	6.9	2.1
in last 52 weeks	25.6	24.6	41.4	31.4	22.0	29.2	26.0	38.0	39.4	29.8	35.2	12.2

[1]Based on sales
[2]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

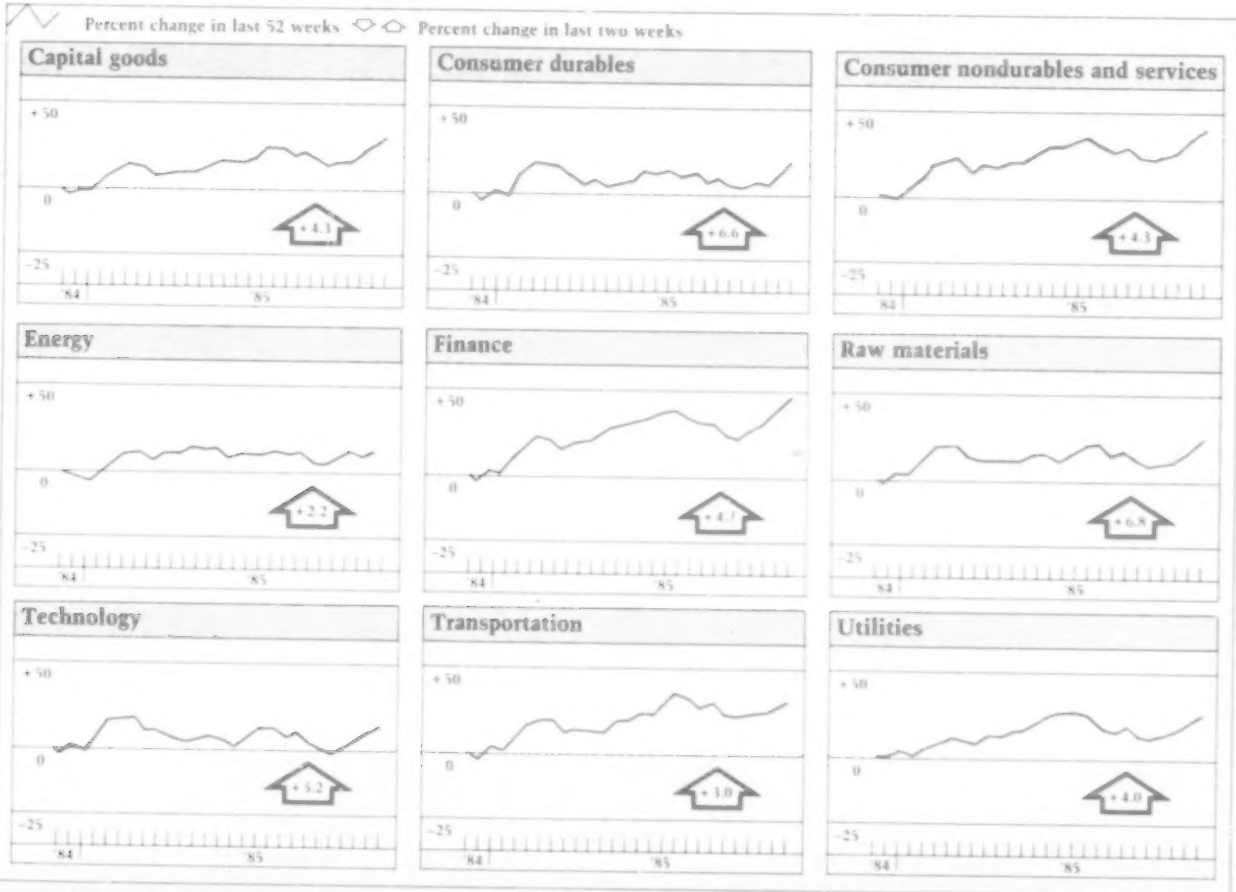
Note: All data for periods ending 11/21/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Fewer Ford shares in your future. Thanks to Ford's plan to buy back close to 11% of its outstanding shares, the consumer durables sector showed a 6.6% gain, the second-best two-week performance of the nine Wilshire sectors.

The raw materials group showed the sharpest rise, with a jump of 6.8%. These stocks were strong despite declines in several paper and forest product firms, including Potlatch, which made a greenmail settlement with the Belzbergs of Canada.

Energy stocks went up only 2.2%. Pennzoil gained 25% when it won the first round of a suit against Texaco. But Texaco, which has a larger capitalization than Pennzoil, fell more than 8% and helped pull the group down. Several oilfield service stocks also fared poorly.



What The Analysts Think

Transportation slows down. For both the two- and four-week periods, analysts made the sharpest cuts—3.1% and 4%, respectively—in their 1985 earnings estimates for transportation issues. Although airline profits in 1985 are still expected to be close to last year's records, the emergence of new fare wars may cause trouble.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.23	12.9
1985 estimates	3.69	11.3
1986 estimates	4.31	9.7

Rank based on change in estimate	Sector	Estimated 1985 EPS	Estimated 1985 P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Utilities	$3.45	8.5	-0.16%	-0.37%
2	Consumer durables	4.97	8.7	-0.27	-0.21
3	Finance	3.09	11.1	-0.31	-0.77
4	Energy	3.46	9.0	-0.46	-0.71
5	Consumer nondurables	2.32	14.2	-1.19	-1.50
6	Capital goods	2.41	13.9	-1.37	-2.23
7	Technology	2.47	14.9	-2.14	-3.65
8	Raw materials	1.79	15.1	-2.28	-3.42
9	Transportation	2.23	12.4	-3.05	-4.03

Earnings projections are capitalization weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York based brokerage firm.

Note: All data for periods ending 11/21/85. Prepared by Wilshire Associates, Santa Monica, Calif. IBES, a service of Lynch, Jones & Ryan, New York.

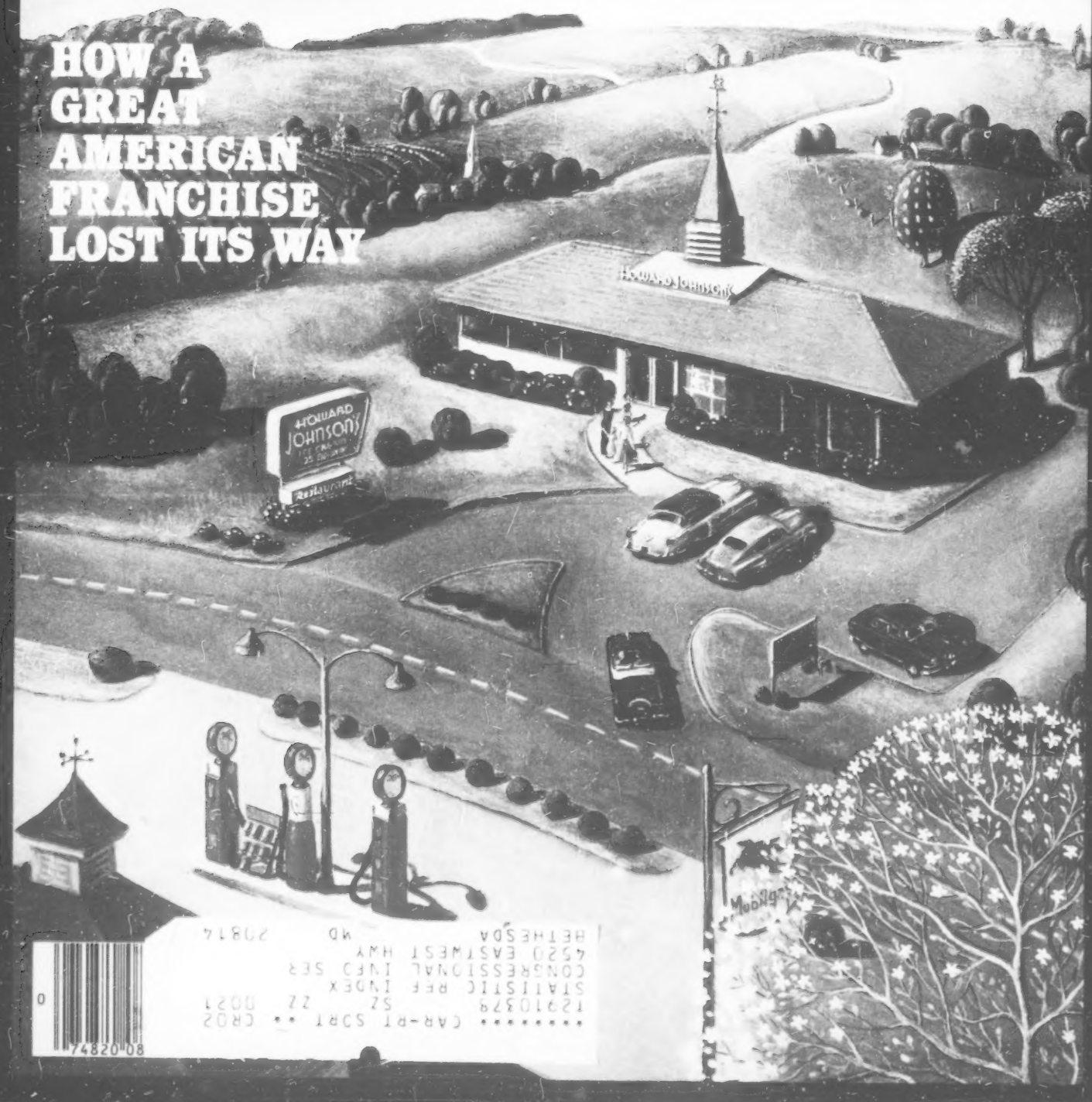
DECEMBER 30, 1985 THREE DOLLARS

C3950-1

Forbes

BRAND NAME INDUSTRIES

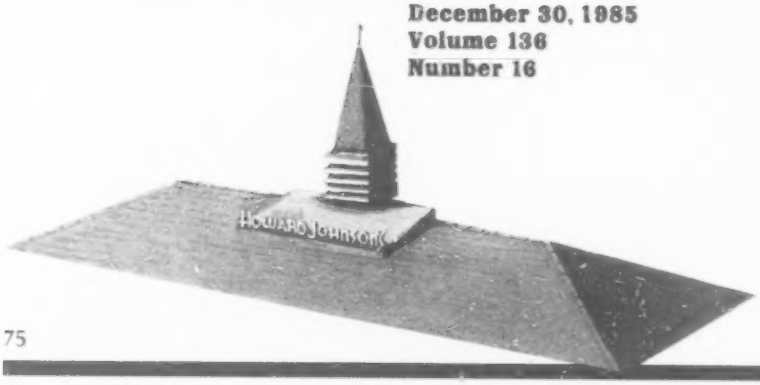
HOW A GREAT AMERICAN FRANCHISE LOST ITS WAY



0 74820 08
********** CAR-RT SORT ** CR02
T2910379 SZ ZZ 0021
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes

December 30, 1985
Volume 136
Number 16



75

82

The editorial index of companies referred to in this issue is on pages 136 and 137.

Companies

31 Iroquois Brands, Ltd.
"Hell would have been an easier place to work in," said a former executive of life at Iroquois Brands. So, why didn't the directors do something about the boss' drug problem?

33 Damson Oil Corp.
It takes quite a salesman to sell overvalued merchandise to the same customers twice. Damson Oil's Barrie Damson is quite a salesman.

35 IC Industries
Does finding new ways to pull cash out of a 134-year-old railroad make Bill Johnson a man for our times?

36 Phelps Dodge Corp.
Dividendless and barely in the black, once proud Phelps Dodge is in greatly reduced circumstances. That it has survived at all is accomplishment aplenty. Now if copper makes a comeback. . . .

46 Inland Steel Co.
Steel prices down, imports up—if Inland Steel can't survive, who can?

54 The Up & Comers
"Space is where the future lies," says Astrotech International's Willard F. Rockwell Jr. But when? Also: Luskin's Inc. prospers in a cutthroat business through aggressive selling, smart use of computers and clever commissions.

75 Cover Story: A Great American Franchise, Gone
Many mergers have been based on the idea that a consumer franchise is a valuable asset, but it is an asset that can be hopelessly destroyed. Consider Howard Johnson.

82 The Kirsh Foundry
At the Kirsh Foundry these days the talk isn't just about growth. It's about survival.

88 AMR Corp.
For what will American Airlines use that $1.3 billion cash hoard, the richest kitty any U.S. airline has ever had? To buy new planes, of course. But that's not all—by a long shot.

90 Amfesco Industries, Inc.
How a little shoe company changed from darling of Wall Street to Chapter 11 in almost no time at all.

Industries

91 Semiconductors: Like Spartans At Thermopylae
The courtroom fighting between Intel and NEC has become a crucial battle in the high-stakes microchip wars between Japan and Silicon Valley.

Regulation

30 What's Paul Volcker Got Against Takeovers?
With all the talk about restraining junk bond financing, it is useful to remember that the Federal Reserve is like the Delphic oracle. What it seems to say isn't necessarily what it really means.

Departments

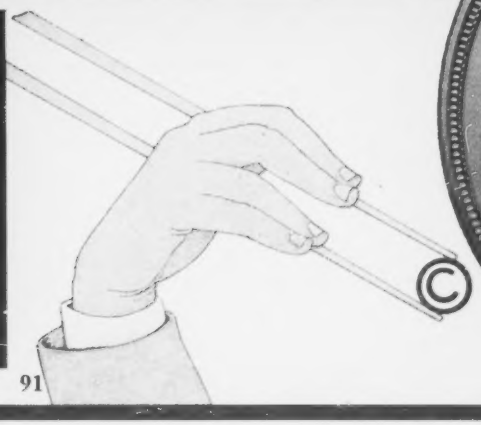
6 Side Lines
8 Trends
12 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
139 Flashbacks
140 Thoughts

Money & Investments

25 What's Ahead For Business
26 The Forbes Index
115 The Forbes/Wilshire 5000 Review

Columnists

127 Ben Weberman
128 Ann C. Brown
129 Srully Blotnick
130 Kenneth L. Fisher
131 Stanley W. Angrist
132 Ashby Bladen



91

102

Investing

86 The Money Men: James Gipson
Jim Gipson went into investments when most young men thought the business was dead, and into bonds when most money managers thought bonds were for fogies.

118 Statistical Spotlight: The Nonparticipants
Stocks trampled in the current bull market.

120 The Funds: Promoters Go After IRAs
Tax shelter salesmen, threatened by tax reform, are turning their partnerships into IRA products. IRA buyers watch out. Also: Second thoughts on tax-exempt unit investment trusts.

134 Streetwalker
Emhart Corp.; Foxboro Co.; Purolator Courier Corp.; Butler International, Inc.; and an amusing idea backed by more than an ounce of horse sense.

Taxing Matters

67 Some Call It Shelter
Equipment leasing deals are the hottest of the heavy tax shelters this year. But take a good look at the "financing." Also: Trying to beat IRS scrutiny; and a ridiculous twist to prefiling notices.

Numbers Game

68 Charitable Contributions
Thinking about donating to a charity? Shouldn't you be able to judge how effectively it will use your money?

On The Docket

73 The Churners Versus The Churnees
In a brokerage-house suit, the Supreme Court has acted to curb excessive punitive damage awards.

Marketing

94 Frederick's Of Hollywood Tries For A Comeback
Either sex has gone out of fashion, or Frederick's of Hollywood did something wrong. Also: Liquor companies' attempts to adopt modern marketing methods.

Technology

98 Industrial Fermentation
After pioneering work by Chaim Weizmann, chemicals made by fermentation fell victim to cheap Arab oil. But industrial fermentation may again be competitive with petrochemical refining.

99 A New Use For Artificial Intelligence
The computer as financial planner.

Personal Affairs

102 Gold Coins: An Ounce Is An Ounce
If you prefer your inflation hedges in gold coin form, you have a lot to choose from—even leaving out South Africa's Krugerrand, which you shouldn't.

107 Personal Blood Banks
Since it's possible to get AIDS, hepatitis or other diseases via blood transfusions, more patients are stockpiling their own blood.

Faces Behind the Figures

110 Louis Lataif, *Ford Motor Co.*
110 Gad Yaacobi, *Israeli Economics Minister*
111 Perrin Long, *Lipper Analytical Securities*
111 Roger Corman, *New Horizons*
112 E.W. Ingram III, *White Castle*
112 Donald R. Branham, *Branham Industries*

December 30, 1985 Volume 136 Number 16 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1985 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Kinuko Y. Craft

were almost covered by gains abroad. Overseas sales had nearly doubled in a year, thanks to the Frankfurt outlet.

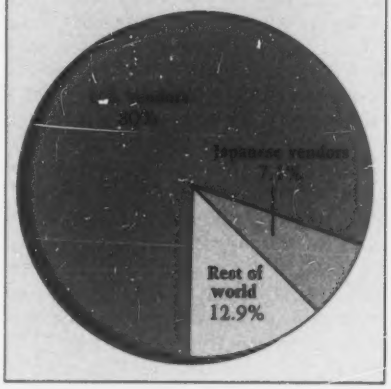
The members of the board

Small companies once regularly filled their boards of directors with the chairman's relatives and cronies. No more. Outside paid directors, including those from related industries and professors from business and technical schools, now account for two of the five directors on the average small-company board, says a survey of 31,000 small and medium-size firms by Growth Resources Inc. of Peabody, Mass. Another shift: 60% of the firms now pay their board members. Average compensation is up 9.3% this year—to $534 for meeting fees and $3,560 for annual retainers. Also, 7% offer stock options to give the outsiders an interest in the firm.

Japan moves up

Japanese data processing companies have the U.S. industry looking nervously over its shoulder. How close are the Japanese? Not very, but they are moving up. A world survey by the Gartner Group, the Stamford, Conn. research company that tracks the industry, shows that as 1985 opened the U.S. still had an overwhelming 80% of the $140 billion world data processing market. The Japanese had 7.1%, and the rest of the world 12.9%. Still, Gartner points out, the 76% market share of the top 100 U.S. firms has been slowly shrinking for six years, and Japanese vendors, especially Fujitsu, Hitachi and Nippon Electric, have been filling the gap. Moreover, the study notes, the capital structure of Japan's industry lets its firms operate at far lower profit margins than their American rivals, many of which are already feeling a profit squeeze. The typical Japanese company has 80% debt (and low-cost debt at that) and 20% shareholder equity. With low interest rates and less pressure to pay dividends, Japan has a distinct advantage.

Worldwide data processing revenues



The future on tape

Videotapes may be the corporate communications tool of tomorrow, says Anett Grant, president of Executive Speaking, Inc., a Minneapolis-based communications training agency, but not many executives seem to know what to do with them. Surveying the brass at 60 large companies, her firm found that 89% use videotapes to communicate to senior management or employees, 84% have put their chairman or president on camera, and 80% use video to describe company policies to new employees. Some 59% produce and distribute regular employee video programs, and only 2% see video as overrated and unnecessary. The medium is already so important, Grant says, that the Pentagon is beginning to require video presentations from defense contractors making bids. By

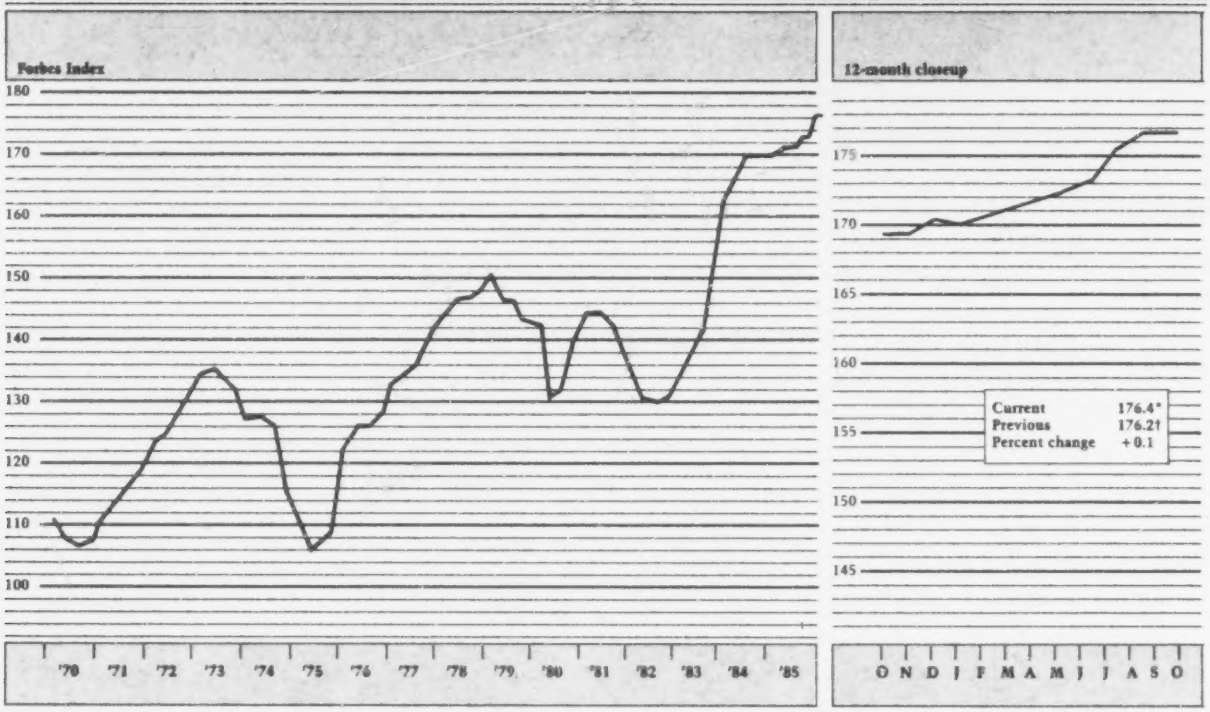
...and extend to the very limits of practicality.

Take your image as far as it can go. To signage. Vehicles. Points of sale. Your products. Anywhere the public sees you. Anywhere it's practical.

With 3M graphic systems. Whether you need a few, or a few thousand, graphics of 3M materials let you extend your corporate image to make millions of advertising impressions every year. What's more, they're surprisingly inexpensive.

Spread your word. In ways you've probably never thought of. Call us at (612) 733-9111, and let 3M show you exciting new ways to execute your company's graphic images.

The Forbes Index



*preliminary †revised

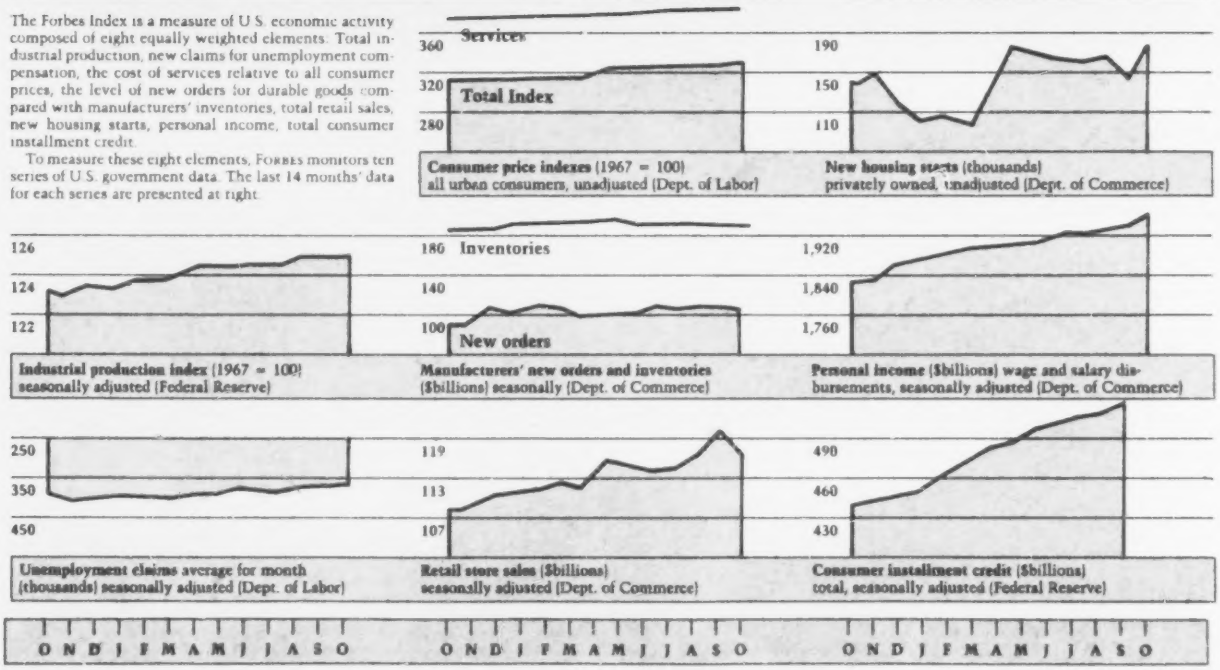
Growing pains. For all Wall Street's evident enthusiasm, the Forbes Index shows that there may be a lag before business moves into high gear next year. For starters, the falling dollar won't help exports right away. In the meantime, competition from abroad is still squeezing sales, profits and inventories. Manufacturers' inventories, declining steadily since June, reached their lowest level since September 1984. Manufacturers' new orders fell 2% from the previous month.

When retail sales are reported for the final months of 1985, however, they may balance some of the weakness in other Forbes Index components. Christmas business has been good, and the new sales incentives on U.S. autos should prop up sales. Pray for good weather.

The Forbes Index Components

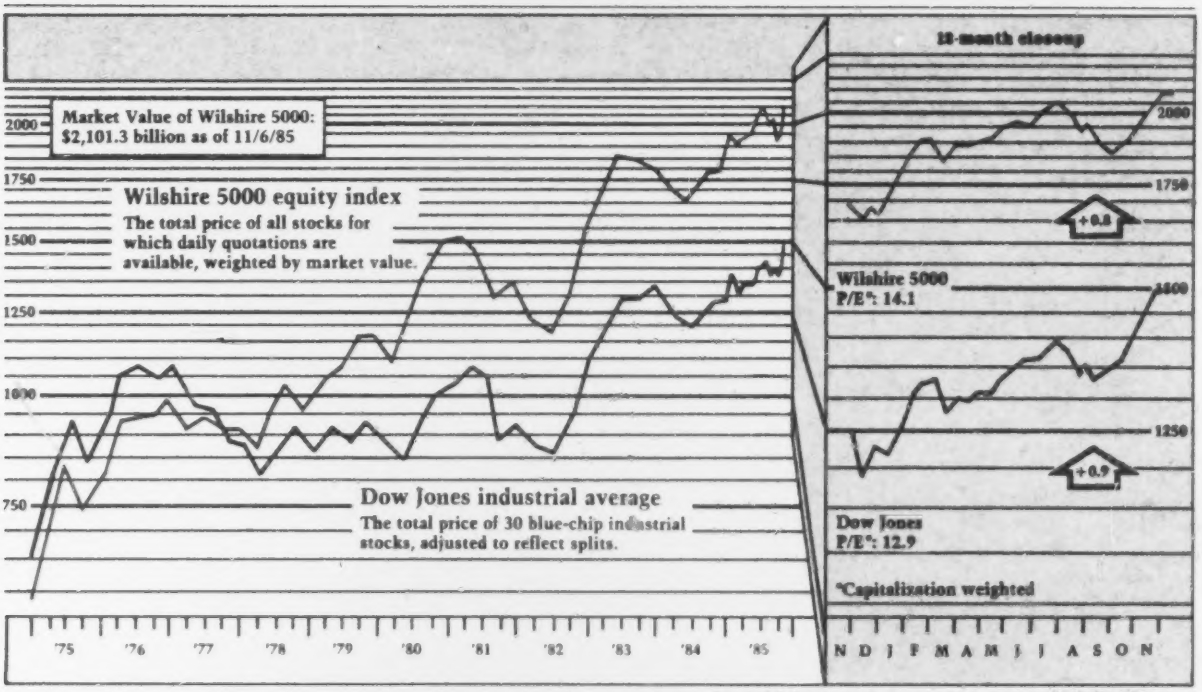
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Shooting fish in a barrel? It seemed hard not to make money in common stocks lately no matter where it was invested. (Hard, but not impossible. *See p. 118.*) Since mid-September the Wilshire index of nearly 5,500 stocks has gained 11.7% and added some $218 billion in market capitalization. With the weakening dollar, low inflation levels and the prospects for rising profits next year, Wall Street raised the bid on the Wilshire up to 14.1 times latest 12-month earnings. Last September it was 11.1. A year ago the Wilshire P/E was 10.6. Price/earnings ratios on the Dow and the Forbes Sales 500 have moved in line with the Wilshire index. Leadership has gone from the blue-chip to the secondary issues.

While most of the market rejoiced over the prospect of cheaper energy costs and lower inflation, the oils were sold off. It was no secret that OPEC was losing its grip. Some investors evidently gambled that the cartel might still be able to discipline production. They lost their bet.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	4.7	4.5	5.2	4.5	3.9	5.5
in last 52 weeks	26.4	27.8	27.0	25.1	20.2	32.5

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.3	4.7	8.0	2.7	5.7	4.9	3.0	5.7	8.9	4.9	5.3	2.4
in last 52 weeks	28.4	32.8	52.2	33.2	30.1	33.6	26.9	45.3	52.1	33.3	38.7	20.3

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

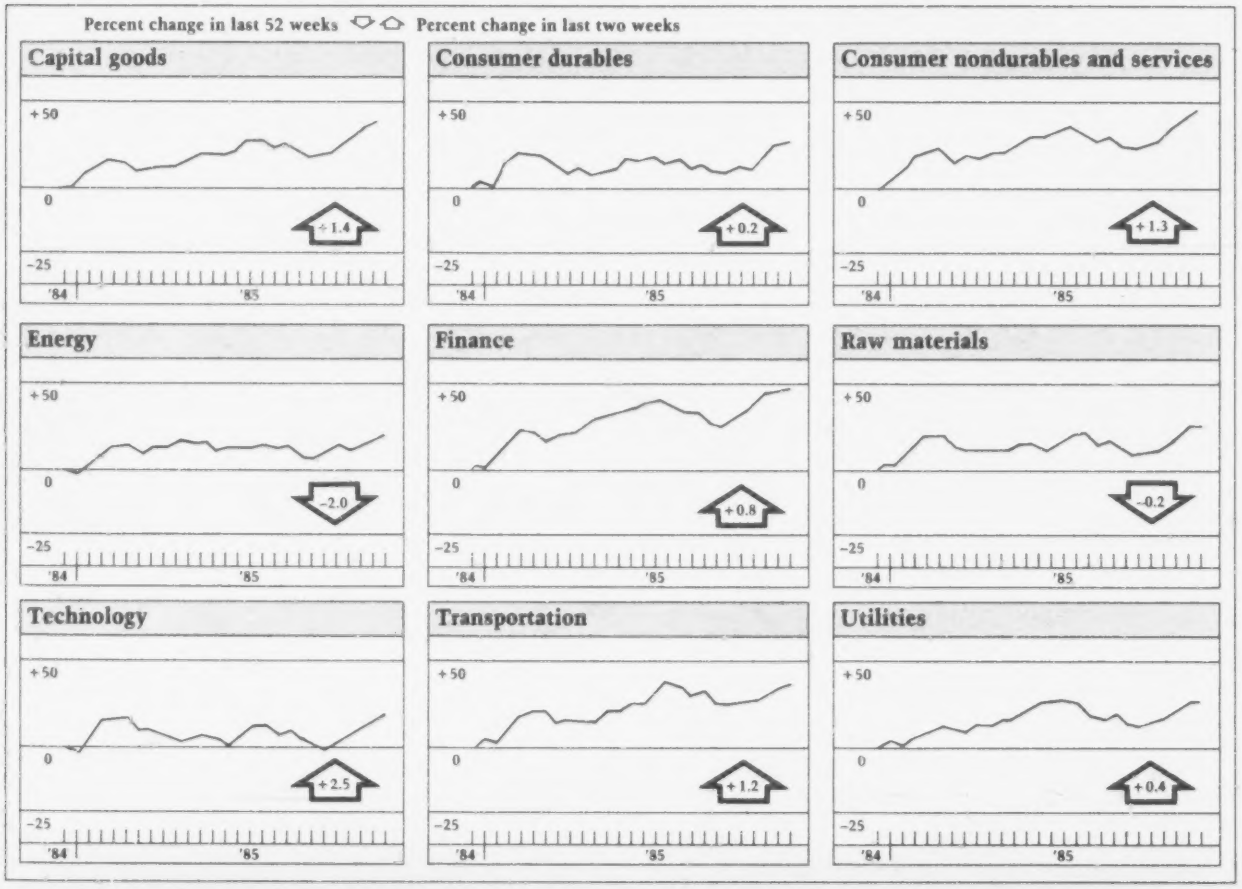
Note: All data for periods ending 12/6/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Gus Fetsch

Where The Action Is

Small company, big impact. Genentech, which rose over 13 points to 71¾ in the last two weeks, was the performance star of the consumer nondurables sector. The latest jump increased the firm's market capitalization by some $221 million, to almost $1.2 billion. Not bad for a startup company that had only $65.6 million in revenues in its last fiscal year and earned but $2.7 million (26 cents per share) in the most recent 12 months.

The technology group—propelled by Telex, Advanced Micro Devices and Data General—scored the best price gains over the two- and four-week periods, while both the raw materials and energy sectors lost ground. McDermott International was the weakest of the oils, off 10%, followed by Mitchell Energy & Development, down 9.4%.



What The Analysts Think

Has it bottomed yet? With the market awash in tin, copper and other base metals, and with even gold and timber selling at depressed prices, Wall Street is not optimistic about the earnings prospects for many firms in the raw materials sector. This group had the sharpest cuts in 1985 estimates during the last two weeks.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.21	13.1
1985 estimates	3.66	11.4
1986 estimates	4.29	9.8

Rank based on change in estimate	Sector	Estimated 1985 EPS	Estimated 1985 P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Consumer durables	4.96	8.8	-0.20	-0.35
2	Finance	3.09	11.5	-0.26	-0.57
3	Utilities	3.45	8.5	-0.29	-0.45
4	Consumer nondurables	2.31	14.5	-0.43	-1.63
5	Energy	3.45	8.8	-0.93	-1.39
6	Capital goods	2.40	14.3	-1.63	-2.94
7	Technology	2.47	15.5	-1.76	-3.86
8	Transportation	2.16	12.9	-3.08	-5.99
9	Raw materials	1.71	15.9	-3.43	-5.68

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 12/6/85. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

JANUARY 13, 1986 THREE DOLLARS FIFTY CENTS

C 3950-1

Forbes

38th ANNUAL REPORT ON AMERICAN INDUSTRY

0 74820 08317 02

Forbes

Annual Report on American Industry

January 13, 1986
Volume 137
Number 1

56 The Forbes Yardsticks
What they are. What they measure. How to use them.

212 Who's Where In Growth
How 1,004 companies rank in sales and earnings growth.

58 Aerospace and Defense
62 Air Transport
64 Apparel, Shoes and Textiles
67 Automotive
72 Banks and Thrifts
80 Beverages and Tobacco
83 Chemicals
109 Coal
111 Communications Media
116 Computers and Electronics
122 Construction
128 Consumer Products
132 Diversified Companies
134 Electrical Equipment
136 Electric Utilities
142 Financial Services

Investing

38 Winning Losers
Half facetiously, half seriously, we reveal a simple system that would have outperformed the market in much of the past half-decade.

Companies

41 Companies: Mack Trucks
If it survives in heavy trucks, it can thank John Curcio, who helped bring Renault in and is challenging the UAW to shape up or ship out.

Industries

42 Florida Orange Juice
First came the big chill. Now comes the big squeeze. Is nothing safe from foreign competition?

Personal Affairs

272 Florida Hotels
Overbuilt again? Don't tell that to those who have bet hundreds of millions on spectacular properties from Orlando to Naples to Miami.

Departments

6 Side Lines
10 Follow-Through
16 Trends
22 Readers Say
25 Fact and Comment
28 Other Comments
31 Fact and Comment II
309 Flashbacks
310 Thoughts

Money & Investments

33 What's Ahead For Business
34 The Forbes Index
293 The Forbes/Wilshire 5000 Review

Columnists

297 Ben Weberman
298 Susan Lee
300 Ann C. Brown
302 Srully Blotnick
304 David Dreman
306 Stanley W. Angrist

226 Who's Where In The Stock Market
How their shares performed.

248 Who's Where In Profitability
Where they stand in return on equity.

256 Who's Where In The Industry Groups
How 31 major industries and 93 subgroups compare.

260 Where To Find The Company
An index to the 1,004 companies covered in this issue.

144 Food Processors
150 Food Distributors
154 Health
160 Heavy Equipment
166 Industrial and Office Services
170 Insurance
174 Leisure and Recreation
176 Metals
180 Natural Gas
186 Oil
192 Packaging
196 Paper
200 Retailing
208 Surface Transportation
210 Telecommunications

Marketing

280 Marketing: Getting Through To Mr. Mom
Pop steps in as Mom; Mom steps out as jock. Also: Selling by smell; Detroit's spoilers.

Taxing Matters

286 Taxing Matters: A Surprise For The Raiders
They aren't going to like what the House slipped into the tax reform bill. Also: The argument for "flow through," and why it doesn't hold water.

Numbers Game

288 Can Accountants Predict The Future?
Just about everybody involved apparently wants them to.

On The Docket

289 Who's A Financial Planner?
Anyone who says he is. That may be changing.

Streetwalker

290 If You Could Pick Only One . . . .
Last year's picks did okay. Here are this year's.

Faces Behind the Figures

282 Louis J. Pearlman, *Airship International Ltd.*
282 William T. McCormick, *Consumers Power Co.*
283 Gideon Gartner, *The Gartner Group*
283 Richard R. Colino, *Intelsat*
284 Joseph S. Tushinsky, *Marantz Co., Inc.*
284 Willy Bogner, *Willy Bogner GmbH*

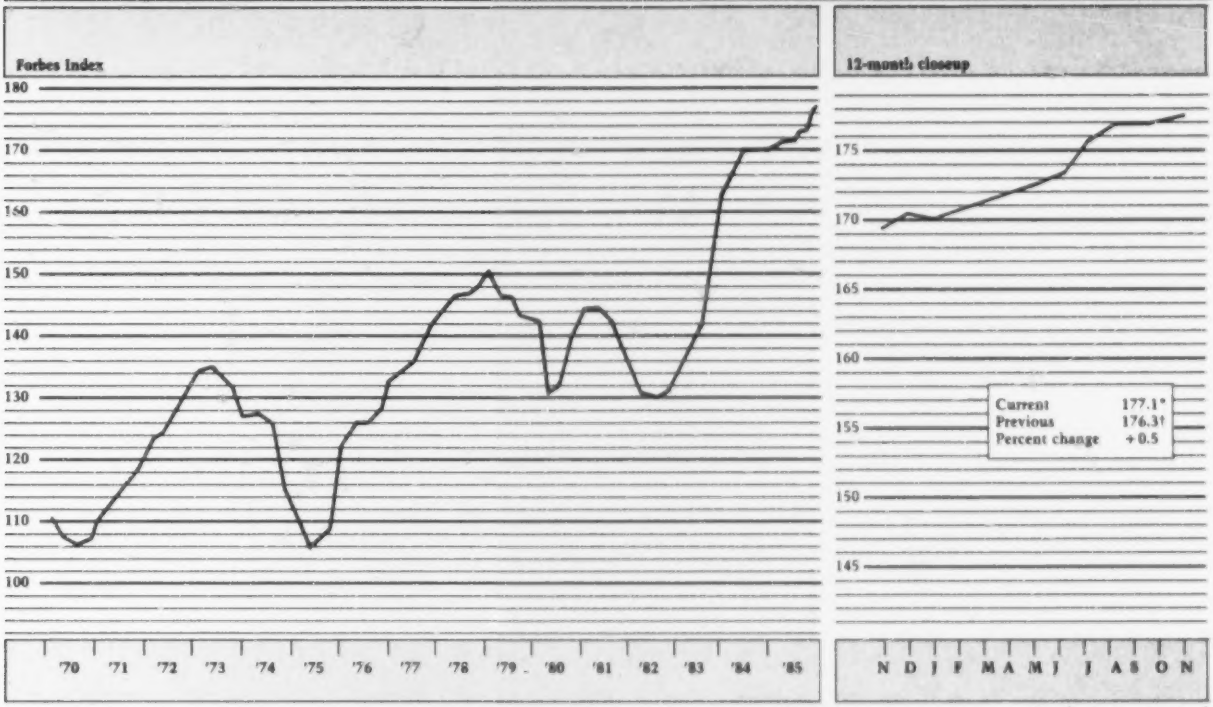
January 13, 1986 Volume 137 Number 1 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Alan Reingold

The Forbes Index



*preliminary †revised

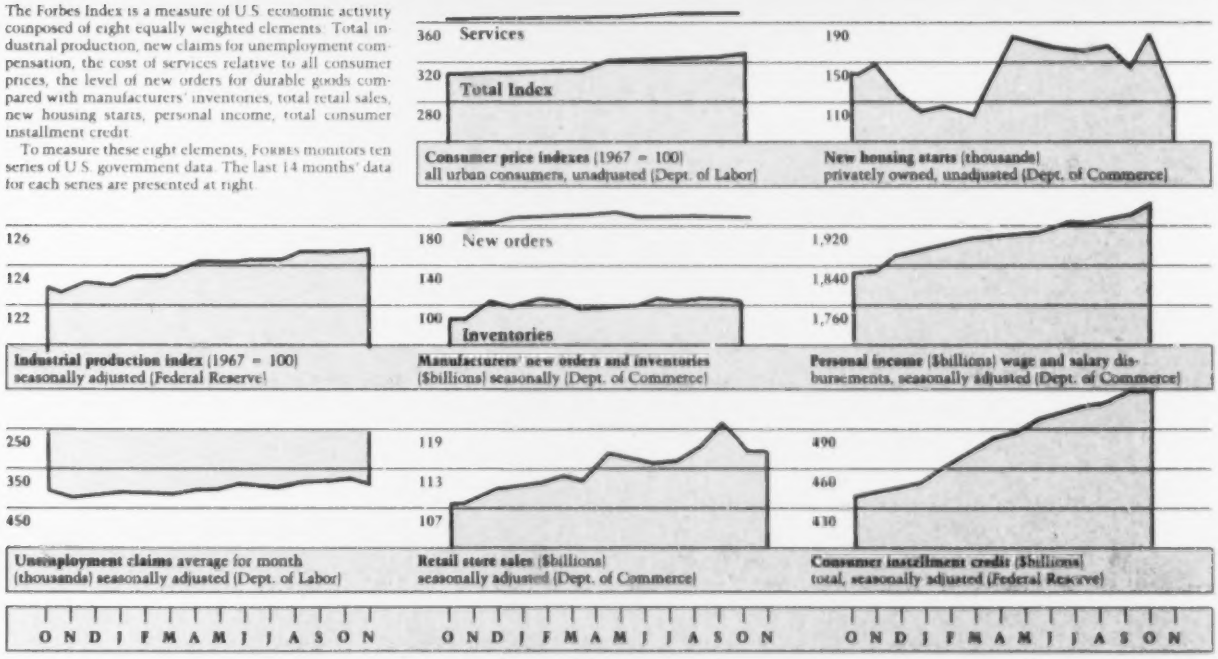
The right stuff. The Forbes Index, climbing at a slow but steady rate since November, again reached a new high. The economy is still growing, albeit slowly—which is just as well, since too rapid an acceleration in the economy would ignite fears of inflation at the Federal Reserve, prompting it to put its foot on the brake by tightening credit.

Retail sales and industrial production, which increased 1.1% and 0.4%, respectively, are principally responsible for the new peak. Even without Fed intervention, there are signs that some sort of a slowdown may loom ahead. New unemployment claims jumped 2.9% from the previous month. Also, consumer installment credit, at $530 billion, is up from $523 billion in September. That puts it at a disturbingly high 19% of disposable income.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



THE FORBES YARDSTICKS 1985

For nearly four decades the Forbes Annual Report on American Industry has evaluated management performance of the nation's largest public companies. This, the 38th such report, covers 1,004 corporations.

Our purpose here goes beyond the mere compilation of statistics. We are being frankly and openly judgmental. Which managements are doing the best job within their respective industries? Which managements are asleep at their desks? You can't answer these questions with one or two numbers. Our Yardsticks have been refined and improved constantly since their introduction in 1949. We now analyze long-term and short-term profitability; growth in sales and earnings; stock market performance. Companies are ranked both within their industry group and against all other firms in the survey.

This, then, is not a simple statistical compilation. It is a report card, a revealing look at how well managers are managing the capital entrusted to them.

Each year companies fade from the list, merged, liquidated or shrunken in size. Others rise in their place. Even if a company was acquired, such as M. Lowenstein, or about to be acquired, such as RCA, the firm remains in the Annual Report for the past year, so long as its stock was publicly traded as of mid-November. Why? Because for purposes of comparison their performance remains relevant to that year.

To keep pace with changes in industries, company classifications have been revised and, in some instances, consolidated. For example, the retailing survey now reviews virtually all forms of retailing except restaurants. Restaurants are covered among food distributors. There are now 31 basic industry groups and 93 subgroups.

In this day of widespread diversification, a single company usually competes in several industries. Thus, in this survey, companies can be classified in as many as three separate industry or subindustry groups. Ex-Cell-O, for example, shows up in the automotive parts subindustry, where its five-year return on equity of 13.3% earned it an 11th-place rank; in heavy industrial equipment, where it ranked 18th; and in the aerospace and defense industry, where it ranked 30th. In all, about a quarter of the corporations are listed in two or more industries or subindustry groups.

Industry reports, appearing alphabetically, begin on page 58. On page 260 is an alphabetical index for cross-referencing all companies. The following notes detail how each Yardstick statistic is calculated.

SEGMENT SALES AND PROFITS

The segment sales and profits column shows the percentage of a company's sales and profits derived from a particular industry. Percentages are based on a company's most recent annual report. Although most firms provide segment data in this format, numbers in these columns may not add up to 100%. A bullet appears if 90% or more of sales or profits are within a particular segment.

There are two other points to consider in evaluating segment data. Line-of-business breakdowns can differ from company to company. And FORBES' segment definitions may also vary from company designations.

PROFITABILITY

Return on equity is defined as primary earnings per share for the year, divided by common shareholders' equity per share at the beginning of the year and expressed as a percentage. Common shareholders' equity, or shareholders' equity, assumes conversion of all convertible preferred stock at the start of each year. The difference between the stated value and the involuntary liquidating value of nonconvertible preferred shares is subtracted from equity.

For the purposes of this issue, FORBES uses earnings per share before extraordinary items. Gains or losses from discontinued operations are included in FORBES' calculations. A number of financial reporting services net out this figure, but such a procedure runs the risk of distorting reported income and profitability—as was the case last year with Cabot. The company took a $145 million write-off in fiscal 1985 when it sold its specialty metals division.

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability

Where to find the Yardsticks

Growth rankings, p. 212
Stock market rankings, p. 226
Profitability rankings, p. 248
Industry median rankings, p. 256
Company index, p. 260

In the case of insurance companies, FORBES excludes realized capital gains because of the potential they have of managing earnings.

TIME PERIODS

For firms with fiscal years ending in April through December, growth rates are, by necessity, based on the fiscal years through 1984. For companies with fiscal years ending in January through March, five-year averages include the fiscal years through 1985. An average can be computed if at least four years' data are available. A footnote indicates when less than six years' worth of data were used. When data are not comparable or are unavailable, the growth rate is marked NA—not available.

Latest 12 months' comparisons are between the four quarters through September 1985—when available—and the same four quarters of the previous year. In the case of return on equity, income is divided by the prior year's equity figure. Periods vary slightly for companies with fiscal years not ending in December.

GROWTH RATES

There are several ways to calculate five-year sales and earnings growth rates. For those interested in statistical methods, this is how FORBES does the calculation: We use the least-squares method to describe the average year-to-year change in sales or earnings. This equation adjusts for sharp fluctuations. Example: Over three years earnings go from 25 cents to $6 and then down to $1. Simple math shows a 2,300% jump from the first to the second year, and then an 83.3% fall. But least-squares says, on average, earnings grew by 100% (25 cents x 100% x 100%). This method, however, cannot handle negative values. If first- or second-year earnings are negative, FORBES calculates the growth rate for a shorter period of time, starting at the first positive year. If earnings are negative in any of the last four years—as is often the case with cyclical stocks—the growth rate is listed as not meaningful (NM).

EARNINGS STABILITY

While the five-year earnings growth rate describes how much earnings grew on average, it may not reflect how much volatility there was in earnings over this period. Two firms could have the same growth rate as well as the same starting points of $1 in 1979 and ending points of $2 in 1984. But the first company could have posted steady annual gains of 12% or so while at the second firm earnings first fell to 50 cents, then rose to $3, bobbed a bit in between, then settled at $2 in 1984.

Obviously, such volatility must be reckoned with in judging performance. FORBES, therefore, calculates an earnings stability factor, or a coefficient of determination, which describes how much earnings fluctuate from the five-year growth rate. Companies with stability ratings in the top 15% are designated Very High, those in the next 20% High, the middle 30% Average, and so on. Abbott Laboratories' Very High earnings stability means that its earnings grew in a steady, rather than an erratic, fashion.

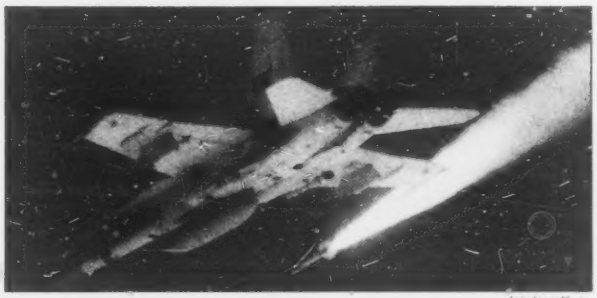
DEFINITIONS

FORBES defines Sales as net sales plus other operating revenue. For banks, sales is defined as total interest income plus other income. Net profit margin is calculated for the latest 12 months. It measures net income as a percentage of net sales, including other operating income. Debt as percentage of equity is calculated for the latest fiscal year. It is defined as long-term debt including capitalized leases, divided by total equity plus preferred equity. Earnings per share are figured on a primary basis.

Medians for all Yardstick components are calculated by listing companies in rank order and selecting the midpoint. Where there is an even number of companies, the midpoint is obtained by averaging the two middle firms.

What emerges, we believe, is a statistical mosaic that can help business people judge management performance, in both an absolute and a relative sense.

AEROSPACE AND DEFENSE



U.S. Navy Photo

$600 toilet seats and other scandals may get the headlines. But military backlogs remain huge and Star Wars is a lively hope.

By Tatiana Pouschine

THE U.S. ARMS BUILDUP HAS PEAKED. This year's defense budget for procurement, after growing at an average of 19.4% since 1977, is expected to rise by less than 5% and to stop growing entirely by 1988.

But weep not for the industry. There's an estimated quarter of a trillion dollars in backlogged hardware orders alone working its way through the system. Beyond that,

Aerospace and defense

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Lockheed	•/•	1	33.5%	32.5%	20.7%	4.1%	10	12.4%	25.2%		NM	17.2%	NM
EG&G	58/38	2	28.6	35.2	10.2	4.7	7	15.0	11.2	4	18.3%	9.4	very high
Todd Shipyards	82/NA	3	23.4	6.0	38.1	2.0	35	0.4	–30.7	16	7.1	–62.1	low
Litton Industries	44/NA	4	22.9	15.2	158.3	6.5	29	2.6	–0.3	18	5.4	–0.7	low
Teledyne	30/NA	5	21.3	24.6	92.4	8.6	28	3.5	–3.4	19	3.1	33.6	very low
General Dynamics	88/•	6	21.0	37.8	1.7	5.0	8	14.4	5.2	5	17.1	28.5	average
Morton Thiokol	47/38	7	21.0	29.5	21.7	10.7	3	20.6	–8.8	6	16.6	78.9	low
Boeing	•/•	8	20.5	13.3	7.7	4.0	27	4.8	30.4	24	0.3	–35.3	very low
Raytheon	49/NA	9	20.3	13.8	4.3	5.9	19	8.5	1.0	27	–1.0	63.9	very low
E Systems	•/•	10	20.1	21.7	4.9	6.6	5	18.1	13.9	3	30.0	2.1	high
Wyman-Gordon	•/•	11	19.8	6.9	7.6	5.5	42	–3.8	–1.0	14	10.4	–46.4	low
Lear Siegler	37/32	12	19.7	15.9	44.2	4.0	25	5.7	11.6	23	0.3	2.2	very low
Tracor	66/46	13	19.4	15.9	42.0	5.4	6	15.0	11.0	9	15.7	–7.3	very high
Computer Sciences	•/•	14	18.8	15.9	26.0	3.8	18	8.8	10.7	25	–0.3	54.3	very low
Rockwell Intl	70/65	15	18.7	24.0	8.7	5.3	20	7.7	21.6	13	11.7	23.1	high
Sanders Associates	64/29	16	18.2	11.6	5.3	4.2	1	33.2	18.7	10	14.3	–14.7	very high
Sundstrand	62/78	17	17.0	13.5	30.1	5.9	30	2.6	24.6	32	–7.6	19.2	low
Loral	•/•	18	17.0	17.7	12.5	8.3	2	26.0	17.7	11	13.9	21.6	very high
TRW	36/NA	19	16.7	4.6	14.6	1.4	26	4.9	2.4	22	0.6	–69.4	very low
United Technologies	46/46	20	16.2	6.6	28.3	2.0	15	10.4	–4.3	17	6.4	–58.6	average
Westinghouse Elec	15/NA	21	16.1	15.5	15.2	5.6	24	6.1	4.0	15	7.4	13.8	high
Northrop	•/•	22	16.0	33.2	1.1	5.2	4	20.3	35.1	20	2.2	59.2	very low
Dynalectron	44/86	23	16.0	11.7	22.1	1.9	14	10.5	6.8	7	16.6	28.6	low
Perkin-Elmer	21/20	24	15.9	13.2	12.2	6.0	22	7.0	7.8	28	–1.5	5.4	very low

•90% or more **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 56.

Star Wars.

Take defense electronics. This business, claims Rockwell President Donald Beall, "can show continued growth even in a flat defense budget." That's because progressively more advanced electronics can be attached to big weapons after the main hardware has been delivered. That's why Grumman is trying to become a major competitor in defense electronics, says its president, George Skurla.

Goldman, Sachs analyst Judith Comeau points out that most of the big contracts in 1985 went to larger companies such as GTE, Rockwell and Raytheon rather than to such traditional defense electronics companies as Sanders and E-Systems. It's harder for smaller companies to compete because the government is trying to get bidding on complete systems, not just components. Meaning, you don't buy walkie-talkies but complete battlefield communications systems.

Loral, a middling-size supplier, saw this coming, says Chairman Bernard Schwartz, and has acquired seven high-tech military electronics companies since 1978. Result: Paired with Hughes Aircraft, Loral has progressed in the competition for the INEWs contract, the government's integrated threat detection system, that could mean $10 billion in contracts over 15 years. Look, therefore, for more mergers in this business.

Spending on President Reagan's Strategic Defense Initiative was only $1.3 billion last year, but the total outlay for the program ultimately could run to hundreds of times that amount.

First Boston's Wolfgang Demisch says that GE, planning to merge with RCA, could be a major competitor for SDI business. GE, the nation's sixth-largest defense contractor, did $4.5 billion in contracts last year. With the addition of RCA's $1.1 billion in defense electronics, the combined company should become the fourth largest. Other possible players: Lockheed, TRW, Martin Marietta, Rockwell and Hughes.

The perils in defense contracting, however, were clearly illustrated last year by Todd Shipyards, the largest U.S. independent shipbuilding company.

Todd's 12-month earnings declined 62% and return on equity fell to 6%, about one-quarter its five-year average, as its estimated $2.7 billion Navy guided missile frigate contract wound down.

Boeing had a record backlog, orders through the end of November 1985 were up 107% from the comparable 1984 period, and the company nailed down an unprecedented $3 billion contract from United Airlines for 110 of its 737-300s and 6 of the 747s through 1990. The apparent 12-month earnings decline was a statistical blip; a change in tax laws distorted 1984 results.

What happened to McDonnell Douglas, whose 8% earnings growth fell far short of 1984's 23.7%? Trouble in parts of the promising information systems division probably cost over $100 million.

Opinions are divided as to prospects on McDonnell's proposed MD-11 airliner, about which the company has yet to reach a final decision.

Bad weather continued for makers of private and business aircraft. Total deliveries through October 1985 were down 13.3%, and the possibility of tax reform this year will hardly encourage businesses to buy corporate planes. ■

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Harris Corp	34/52	25	15.2%	8.0%	21.9%	2.9%	11	11.9%	12.3%	31	-6.8%	-22.8%	low
Kaman	47/69	26	15.2	17.6	29.5	3.4	17	9.4	3.0	8	15.8	11.2	high
Rohr Industries	•/•	27	14.9	23.6	4.7	7.8	21	7.6	-1.1	1	43.5	17.3	average
Grumman	84/87	28	14.4	14.9	40.2	2.9	13	10.9	23.3	2	33.1	-25.3	average
Fairchild Industries	68/DP	29	13.5	def	49.3	def	31	2.5	-2.9		NM	P-D	NM
Ex-Cell-O	36/67	30	13.3	12.1	10.8	4.9	32	1.6	3.1	21	2.0	9.0	low
Honeywell	26/20	31	13.0	8.0	28.0	2.9	23	6.9	5.7	29	-2.7	-36.6	low
McDonnell Douglas	•/•	32	12.8	14.6	1.7	3.1	12	11.7	21.0	12	13.6	8.0	high
Hercules	29/38	33	12.1	11.0	30.8	6.0	33	1.5	-1.2	26	-0.9	-23.3	very low
Texas Instruments	23/24	34	11.6	def	24.7	def	16	9.8	-5.3		NM	P-D	NM
FMC	42/48	35	10.5	5.5	30.4	1.0	36	0.3	-10.4	34	-15.8	-70.8	low
Gates Learjet	•/DD	36	9.7	def	46.9	def	37	0.1	-23.2		NM	P-D	NM
Martin Marietta	80/70	37	9.7	37.8	55.4	5.4	9	13.7	-1.5		NM	D-P	NM
Sperry	37/34	38	9.4	1.1	29.6	0.5	34	1.3	13.6	33	-12.0	-88.9	average
Textron	34/27	39	8.8	14.7	16.0	3.3	40	-2.1	80.7	30	-6.4	84.5	low
Gould	28/24	40	7.9	def	29.6	def	44	-9.6	-11.3	35	-30.3	P-D	high
Singer	44/43	41	6.9	19.3	66.8	3.0	39	-1.8	-2.5		NM	90.4	NM
Cessna Aircraft	86/DD	42	6.2	6.3	36.5	2.6	45	-10.0	37.1		NM	D-P	NM
LTV	27/75	43	2.3	def	152.1	def	38	-0.1	24.4		NM	D-D	NM
Becor Western	36/47	44	def	1.3	27.2	0.6	41	-2.7	-10.7		NM	D-P	NM
Talley Industries	29/48	45	def	11.0	64.6	3.6	43	-8.3	13.3		NM	13.6	NM
Industry medians			**16.0**	**13.5**	**26.0**	**4.0**		**6.9**	**5.7**		**0.3**	**3.8**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

• 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful. For further explanation, see page 56.

AIR TRANSPORT

The easy cost efficiencies are over. Now the airlines will have to go in for some of the old-fashioned things industrial companies have been doing for years.

By Catherine Yang

"IT'S DIFFERENT FROM WHEN WE FIRST started People Express," says Harold Pareti, former president of People and now chief executive of fledgling Presidential Airways. "You were just there, bang, with tremendous presence overnight. I don't see it happening here. New entrants don't sneak in anymore."

With Presidential, Pareti is trying to establish a niche as a low-cost, full-service carrier operating out of Dulles near Washington, D.C. But what may have gone unnoticed five years ago has now triggered a furious response from the major airlines.

"We did expect that USAir would match our fares," says Pareti. "But New York Air's literally doubling its capacity to four flights a day on some routes was something we had not foreseen." That was the beginning. Last month mighty United Air Lines announced a new hub at Dulles to open in May with 50 flights a day.

Competition this fierce hurts everyone, not just the young and weak. Helped by a decline in fuel prices and lower labor costs, the industry had projected operating profits for 1985 of up to $3 billion. But because of widespread price-cutting and lower than expected traffic growth for the year, the actual profit total was more like $2 billion. While revenue passenger miles and load factors (the percentage of seats filled) rose for the domestic majors in the first part of 1985, yield (cents per revenue passenger mile) was down. That's the sacrifice airlines are making for volume growth.

The fact is, all the easy moves in this competitive business have been made—two-tier pay scales, smaller aircraft, hub-and-spoke routes to keep traffic on the same airline's routes. Now the carriers need more basic steps, the kind of management ordinary industrial companies have used for decades.

Large carriers have muscle in their balance sheets and in their marketing abilities if they will but use it. For example, frequent flyer programs have more appeal when the prize is a jet ride to exotic destinations like Hawaii or Europe. Or, instead of slashing prices on every seat on every flight, airlines with sophisticated computer systems

Air transport

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Freight													
Federal Express	●/●	1	29.4%	12.8%	74.5%	4.6%	1	39.2%	39.1%	1	30.5%	1.0%	very high
Emery Air Freight	●/●	2	25.3	13.4	46.2	2.6	3	9.0	10.3	3	0.8	–29.8	very low
Purolator Courier	74/49	3	18.3	def	52.9	def	2	10.1	1.5	2	3.5	P–D	very low
Pittston	37/PD	4	def	def	20.2	def	5	–7.7	–11.8		NM	D–D	NM
Tiger International	●/●	5	def	def	155.0	def	4	1.8	–16.0		NM	D–D	NM
Medians			**18.3**	**def**	**52.9**	**def**		**9.0**	**1.5**		**0.8**	**P–D**	
Airlines													
Southwest Airlines	■/■	1	25.6%	14.3%	42.4%	8.3%	2	30.4%	20.2%	2	12.0%	4.8%	high
USAir Group	●/●	2	20.8	12.8	56.3	6.	5	16.4	8.7	3	6.7	–20.7	low
Piedmont Aviation	■/■	3	20.1	15.7	158.5	4.	3	28.0	21.2	4	3.9	7.0	very low
Delta Air Lines	●/●	4	8.0	19.6	41.6	4.	9	10.3	6.8		NM	1.1	NM
PSA	62/65	5	7.6	8.0	184.0	2.6	6	14.6	14.3		NM	D–P	NM

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ††Three-year average. For further explanation, see page 56.

like United and American can offer a percentage of seats on flights in direct competition with discount airlines.

"Last year discounts averaged 56%," says Michael Derchin, an analyst with First Boston. "As long as traffic can grow as a result and costs remain low, this won't be debilitating. My going thesis is that there are going to be low fares forever."

If that's the case, and the big guys have the clout, it will be harder for the medium-size carriers to cope. They have to offer a broader range of discounts, often on a broader selection of routes. Some, like USAir, are high cost, with much less room to cut fares. At the other extreme, People Express, famed as a low-cost airline, has already cut most of what there is to cut.

"The carriers likely to survive will have some common characteristics, including a strong hub-and-spoke system with a commuter feed and an international route structure tied to it," says George James, president of industry consultants Airline Economics. "The smaller airlines will have to move on the periphery."

If the big lines are getting smarter and new entrants less common, will an oligopoly emerge? It's not likely, even with the consolidations of 1985: United bought Pan Am's Pacific routes, Carl Icahn bought TWA (maybe), and People got Frontier. But there is little likelihood of giant airlines actually emerging out of takeovers. Each time a merger happens in this business, overlapping routes are cut. The merged airline is never the size of the sum of the parts.

Since deregulation the four largest carriers have remained the same, but their market share has declined significantly, while the next eight have changed identities and their share has stayed roughly the same. It's the new smaller carriers that gained most (FORBES, *Aug. 12, 1985*). There is little reason to believe that trend will be reversed.

Meanwhile, booming business in the express delivery of documents and packages has yielded a winner in the air freight business: Federal Express. The express delivery business has grown at an average rate of 50% since it was created ten years ago. Federal Express occupies 70% of the next-morning delivery market and boasts a near-5% net profit margin. The airlines, mired forever, it seems, in cutthroat fare wars, can only dream of such margins. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Frontier Holdings	●/DD	6	6.4%	19.7%	131.3%	5.5%	10	10.0%	–12.3%		NM	D–P	NM
UAL	89/87	7	5.8	def	52.1	def	8	10.7	–11.4		NM	P–D	NM
NWA	●/●	8	3.6	7.9	11.2	2.9	7	12.2	6.9	1	17.0%	–22.7%	very low
People Express	●/●	9	3.5††	def	170.5	0.2		NA	72.7		NM	P–D	NM
AMR	●/●	10	3.4	19.4	87.3	5.8	11	9.5	13.4		NM	–7.3	NM
Pan Am	89/DD	11	def	def	461.0	def	13	5.2	–6.8		NM	D–D	NM
Eastern Air Lines	●/●	12	def	35.9	704.0	1.7	12	7.3	13.6		NM	D–P	NM
Western Air Lines	●/●	13	def	45.7	685.1	2.7	14	4.7	9.0		NM	D–P	NM
Republic Airlines	●/●	14	def†	553.6	1844.8	3.7	4	19.5	4.2		NM	8.4	NM
Texas Air	●/●	15	def†	NE	4071.3	3.9	1	49.0	59.5		NM	D–P	NM
Trans World Airlines	●/●		NA	def	164.4	def	15	2.9	4.1		NM	P–D	NM
Medians			**3.6**	**13.6**	**161.5**	**3.3**		**10.7**	**8.9**		**NM**	**–20.7**	
Industry medians			**4.2**	**12.8**	**131.3**	**2.7**		**10.2**	**8.7**		**NM**	**–26.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ††Three-year average. For further explanation, see page 56.

APPAREL, SHOES AND TEXTILES

"Segmenting" is knowing what a customer wants and getting it there when it's wanted. But that is hardly a new idea.

By Eva Pomice

IN THE APPAREL BUSINESS these days, it's the survival of the best fit. Like VF Corp., the $1.2 billion (1984 sales) maker of Lee Jeans and Vanity Fair lingerie products. While the industry's overall return on equity was nearly cut in half, to 7.3%, in 1985, VF rang up 29.6%. Not bad when heavy imports and overoptimistic forecasts of consumer spending were causing a retail glut, knocking down margins for everyone.

What's VF's secret? Specialize, specialize, specialize. The buzzword for it is "segmenting," but what it really means is to make apparel with a specific customer in mind. "The firms that really have gotten their marketing and manufacturing strategies totally integrated are doing the best jobs," says Emanuel Weintraub, a Fort Lee, N.J. consultant.

Take VF's new Fernando Sanchez line of loungewear and lingerie by Vanity Fair, geared toward younger women. Or its highly segmented fleece sportswear division. True, it helped that, since the inventory glut hit the jeans companies earlier, they recovered first. But companies like VF and Liz Claiborne (too small for our list) "don't sit up in an ivory tower somewhere and expect other people to do the work," says First Boston's respected retailing analyst Margaret Gilliam.

Other firms have not adapted so well. Palm Beach, which recently completed a leveraged buyout, and Oxford Industries were both hurt by changing styles in categories like sportswear they didn't detect in time. Two of Oxford's high-margin divisions, Merona Sport and Polo boyswear, were hit hard. Why? "Merona didn't look any different in the fall than the fall before," says Jerard Less, president of Colton Bernard, Inc., a consulting firm. "They didn't have people in the stores in touch with what customers were buying." Weintraub agrees. "Apparel is a perishable item.

Apparel, shoes and textiles

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Apparel													
VF	●/●	1	30.9%	29.6%	34.7%	9.5%	2	17.5%	21.4%	3	35.4%	10.5%	very high
Oxford Industries	■/■	2	18.5	4.2	16.2	1.0	1	20.0	–7.3	2	39.7	–76.0	very high
Warnaco	●/■	3	17.9	11.0	17.0	3.3	9	3.9	9.6	7	6.5	–27.2	low
Palm Beach	■/●	4	15.9	2.3	82.8	0.5	6	6.5	–12.6	8	–5.3	–84.7	low
Manhattan Inds	68/49	5	13.8	def	72.4	def	4	8.7	11.8	10	–29.5‡	P–D	very low
Hartmarx	42/67	6	13.2	13.8	36.6	3.8	3	11.4	6.2	5	16.9	1.2	very high
Cluett, Peabody	●/●	7	10.9	7.3	50.4	1.8	7	6.3	3.5	6	14.3	–42.7	very high
Interco	35/39	8	10.9	5.9	18.3	2.5	8	4.8	–7.4	9	–8.4	–42.8	average
Phillips-Van Heusen	77/80	9	10.2	9.3	37.4	2.3	5	8.4	8.1	4	22.6	–24.2	high
Kellwood	69/83	10	8.2	17.8	129.0	2.7	10	2.1	–4.8	1	74.6	29.1	high
Genesco	25/28	11	5.6	def	105.1	def	11	–5.4	–8.0		NM	P–D	NM
Medians			**13.2**	**7.3**	**37.4**	**2.3**		**6.5**	**3.5**		**14.3**	**–42.7**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four year growth For further explanation, see page 56

Steven Brown

The retailer has to entice the customer continually to buy something he doesn't have a precise need for."

Smart manufacturers also battle imports by importing themselves. Liz Claiborne imports about 85% of what it sells, Phillips-Van Heusen, 50%. Kellwood owns an Asian subsidiary, Smart Shirts.

If you don't counterimport, then you have to move fast, getting the merchandise into the store closer to the time it's sold and providing a flexible product mix so retailers won't get stuck with what they and the customers don't want. "Quick response is the main thrust of domestic production versus importing," says Weintraub.

With a few smart companies around and a lot more not so smart, the apparel industry keeps shaking out. "The fact is, many of the $20 million or $30 million companies are too small to be big and, in this industry, too big to be small," says Weintraub.

Even big companies don't feel safe. Levi Strauss followed Blue Bell and went private, Warnaco announced a proposal for an LBO, Palm Beach has just completed one,

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Shoes													
NIKE	82/NA	1	55.4%	9.6%	2.8%	2.7%	1	45.1%	5.9%	1	37.8%	2.9%	high
United States Shoe	33/NA	2	20.2	14.2	10.7	3.4	2	13.8	14.5	2	11.0	–3.5	average
Brown Group	31/NA	3	17.1	7.8	17.1	2.1	3	6.7	–7.0	3	9.2	–52.0	high
Genesco	29/9	4	5.6	def	105.1	def	4	–5.4	–8.0		NM	P–D	NM
Medians			**18.7**	**8.7**	**13.9**	**2.4**		**10.3**	**–0.6**		**10.1**	**–27.8**	
Textiles													
Collins & Aikman	82/65	1	16.1%	21.7%	28.0%	6.0%	2	12.4%	4.0%	2	39.8%	7.0%	high
DWG	30/15	2	14.3	def	389.1	def	1	19.8	68.6	6	2.1	P–D	very low
West Point-Pepperell	41/22	3	13.0	6.2	21.4	2.4	3	3.4	–9.7	5	10.6	–49.1	high
M Lowenstein	69/72	4	10.9	11.4	27.9	3.9	9	–0.9	–7.0	1	47.5‡	–23.4	very high
Celanese	46/54	5	9.6	16.0	60.2	5.1	8	0.0	–7.2		NM	1.6	NM
Springs Industries	51/30	6	8.8	3.5	8.9	1.7	4	2.8	–6.1	4	11.8	–62.7	very low
Avondale Mills	•/DD	7	7.7	def	39.0	def	7	1.4	–23.3	3	25.6	P–D	average
Burlington Inds	65/64	8	7.1	1.1	36.4	0.5	5	2.3	–11.6	7	–4.8	–79.8	very low
JP Stevens	36/16	9	2.3	def	61.7	def	6	2.0	–9.9		NM	P–D	NM
United Merchants	46/28	10	def	def	248.2	def	10	–5.7	39.1		NM	P–D	NM
Medians			**9.2**	**2.3**	**37.7**	**1.1**		**2.2**	**–7.1**		**6.4**	**–71.3**	
Industry medians			**10.9**	**6.2**	**36.6**	**2.1**		**4.8**	**–6.1**		**10.6**	**–49.1**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

• 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth. For further explanation, see page 56

If you use temporary personnel, you may need more than one service.

While most temporary personnel services provide employees for a hundred different job categories—from clerks to laborers—Accountemps provides professionals in accounting, bookkeeping and data processing, exclusively.

Accountemps is a specialist in temporary personnel. And, a recent survey* reveals that 2 out of 3 executives agree that specialized temporary personnel services do a better job.

And Accountemps does the best job of all.

At Accountemps, you'll find that our specialized employees are slightly over-qualified—which means they get the job done quickly and accurately. And that's cost-effective.

When you need an accountant, bookkeeper or edp professional for a day, a week, a month—or even longer—call any of our offices on three continents.

*Burke Marketing Services

accountemps
Rent an Expert.

Slightly over-qualified

© 1985 Robert Half International Inc. All offices independently owned and operated.

and rumors are that Phillips-Van Heusen may follow.

The import-beleaguered textile industry is also fast consolidating. Cluett, Peabody's merger with West Point-Pepperell may strengthen both companies. Cluett's brand names like Arrow will buttress the textile giant, while West Point's tighter management may shore up Cluett's margins. The Springs Industries–M. Lowenstein Corp. merger may also prove to be a good fit. Springs is strong in solid fabrics, while Lowenstein is known for printed ones.

Fieldcrest Mills will double in size by buying Cannon Mills Co.'s sheet and towel division from David H. Murdock.

Collins & Aikman, with a 21.7% return on equity for the last 12 months, is another company making it against imports and oversupply.

With a few smart companies around and a lot more not so smart, the apparel industry keeps shaking out. "The fact is, many of the $20 million or $30 million companies are too small to be big and too big to be small," says Weintraub.

Again, the lesson is specialization—in C&A's case, in upholstery and automotive fabrics. Says Alan Silverman, an analyst with Evans & Co., "They don't produce billions' worth of everything. They produce a billion of what they can make money in."

The shoe business? Imports are now 78% of the market. But what's left—specialists all—had a nice turnaround in 1985. Nike, for example, made a dramatic comeback in midyear after six months of readjusting its product mix. "We had to dump about 10 million pairs of shoes," says a Nike spokesman. What happened? "The running shoe industry has diversified into a whole variety of different types of sport and fitness shoes," and Nike had fallen behind.

With some of the big inventory glut now cleaned out, the outlook for these companies in 1986 is better. In fact, the consulting firm Kurt Salmon Associates predicts apparel sales will be up 5% in current dollars, and shoe sales will be up 4%. Others are not as optimistic, but for an industry group that came in 26th this year out of 31 ranked by FORBES, anywhere near that figure wouldn't be half bad. ■

AUTOMOTIVE

As they move into the down cycle and face increased foreign competition, the U.S. big three are in much better shape than at the start of the last down cycle.

Holly Kuper

By Ralph King Jr.

THE AUTOMOBILE BUSINESS ALWAYS WAS a roller coaster. Following quite a hungry period after the energy crisis erupted, the industry was restored to record profitability over the past few years but now is starting to slide again. Competition, always stiff, now is becoming intense.

It's coming from both sides. Overall, imports will take 30% of total car sales. In small cars, new imports from

Automotive

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Automobiles and trucks													
Subaru of America	●/●	1	55.5%	35.9%	14.1%	5.3%	1	15.0%	20.4%	2	41.4%	24.7%	very high
Paccar	●/●	2	13.2	12.8	2.0	4.5	7	0.1	–9.9	3	–8.0	–18.9	very low
General Motors	●/NA	3	9.1	14.4	11.5	3.9	4	5.6	10.5	1	148.3‡‡	–29.9	very high
Ford Motor	●/●	4	6.6	25.5	21.5	4.8	5	4.2	1.5		NM	–16.3	NM
Fruehauf	●/●	5	4.6	13.8	84.2	2.9	6	1.6	–4.6		NM	–9.2	NM
Mack Trucks	●/●	6	def	def	13.6	def	8	–0.4	15.6		NM	P–D	NM
American Motors	●/●	7	def	def	162.0	def	3	7.0	–6.6		NM	P–D	NM
Intl Harvester	●/●	8	def†	def	382.1	def	9	–13.2	–27.0		NM	D–D	NM
Chrysler	●/●	9	NE	59.2	23.0	9.1	2	10.4	17.9		NM	120.3	NM
Medians			**4.6**	**13.8**	**21.5**	**3.9**		**4.2**	**1.5**		**NM**	**–18.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth.

For further explanation, see page 56.

Korea, Yugoslavia and even Greece—Yugoslavia's entry, the Yugo, is priced at only $3,990—are expected to join Japan in grabbing 45% of this year's low-end sales. Ford and Chrysler could bear the brunt of this since half or more of their cars compete in that segment.

Detroit has moved to meet the Japanese and their imitators by importing its own cars from the Far East, like General Motors' Sprint and Chrysler's Colt. But the long-term outlook is hardly promising. Lee Iacocca himself predicts that foreign cars and parts will have captured one-half of U.S. sales before 1990.

In the middle and higher price ranges, meanwhile, the situation is just as serious. The Germans, and now the Japanese, may take 15% of sales in this segment in 1986, compared with 12% in 1985.

But Detroit's not just sitting there. Not this time. The big three have sharply reduced break-even points—40% in the case of Ford—cut their work forces, increased productivity through automation and cut costs with better inventory control. They are also building cars that are competitive both in features and in cost.

"We've produced every car we can since February 1984. That's a long time waiting for the world to cave in. Besides, we're in pretty good shape to take it on if it does," says Ford Executive Vice President Louis Ross.

General Motors will pump an estimated $40 billion into plant technology in the next four years. Just as important, says Lloyd Reuss, vice president of Chevrolet-Pontiac-GM of Canada, GM is enlisting the support of workers in narrowing the nearly $2,000 price advantage of the Japanese imports. Translation: Members of the United Auto Workers union, already losers in new production strategies, will have to be more conscientious if they want to hold on to their jobs.

But it may do little to remedy another development: the dramatic expansion of production capacity on U.S. soil. In 1982 there were five carmakers here. Since then three Japanese firms have arrived and three more are on the way.

The moves came in response to voluntary import restraints begun four years ago but officially dropped last April. In effect, the agreement "backfired," says consultant Leonard Sherman of Booz, Allen & Hamilton. By 1990 the newcomers will have the capacity to churn out 1.4 million units. That's 12% of the total current capacity in the U.S.

This wouldn't be so bad in an expanding market. But even if the combined car-truck market of 1985—15.3 million vehicles—holds up, an increasing import bite (up 5% this year and more to come) will leave U.S. domestic makers trying to snatch a dwindling share of the pie from one another. The big three's earnings hit around $7.5 billion last year. This year? Estimates run from $5.2 billion to $6.7 billion. Consumer incentives will take a toll. Last fall's cut-rate financing programs cost the industry $450

Automotive

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Automotive parts													
Snap-on Tools	●/●	1	20.6%	20.1%	6.8%	10.3%	11	6.5%	12.0%	11	5.1%	3.5%	low
Lear Siegler	29/35	2	19.7	15.9	44.2	4.0	14	5.7	11.6	17	0.3	2.2	very low
Genuine Parts	65/78	3	19.6	17.9	3.6	5.5	4	12.2	1.0	9	7.1	7.9	very high
Rockwell Intl	18/23	4	18.7	24.0	8.7	5.3	10	7.7	21.6	5	11.7	23.1	high
Purolator Courier	25/50	5	18.3	def	52.9	def	5	10.1	1.5	12	3.5	P–D	very low
TRW	29/29	6	16.7	4.6	14.6	1.4	16	4.9	2.4	16	0.6	–69.4	very low
Federal-Mogul	80/●	7	15.3	13.8	38.4	5.0	18	4.6	1.2	15	0.7	–4.0	very low
Sealed Power	82/NA	8	15.1	13.9	10.9	5.5	3	18.1‡	20.0	4	12.2	–20.4	average
Johnson Controls	39/50	9	14.4	14.7	23.8	4.4	9	8.1	25.4	7	9.3	1.9	average
PPG Industries	37/NA	10	13.8	15.6	24.3	7.2	12	6.0	3.9	13	3.1	2.5	very low
Ex-Cell-O	32/24	11	13.3	12.1	10.8	4.9	23	1.6	3.1	14	2.0	9.0	low
Borg-Warner	29/43	12	13.1	10.8	14.7	4.4	8	8.4	0.8	10	6.2	–15.4	average
Allied-Signal	24/19	13	12.7	14.0	45.7	4.8	1	19.6	–5.9		NM	301.7	NM
Colt Industries	30/37	14	12.3	39.8	36.3	7.6	28	–5.6	1.6		NM	24.8	NM
Echlin	●/●	15	12.1	17.5	27.9	5.9	2	19.2	12.0	2	16.4	3.8	average
Cummins Engine	●/●	16	11.4	11.2	34.1	3.3	19	3.0	–0.5	1	24.2‡‡	–59.7	very low
Dana	83/88	17	11.0	15.1	26.0	5.0	17	4.6	6.0	18	–1.6	2.5	very low
Arvin Industries	52/62	18	9.0	16.0	30.6	4.1	6	10.1	9.8	3	12.7	10.7	low
Eagle-Picher Inds	33/48	19	8.9	10.8	27.0	4.0	24	1.0	–1.3	19	–4.4	–1.5	very low
Eaton	51/23	20	8.0	20.1	36.7	6.7	27	–1.6	9.0		NM	2.0	NM
Champion	63/59	21	7.7	6.1	7.2	2.6	26	–0.3	2.4	20	–12.8	–29.6	high
Sheller-Globe	84/87	22	7.6	18.1	51.3	4.0	13	5.8	12.4	6	11.1‡‡	11.3	low
Barnes Group	74/79	23	6.8	8.1	30.0	2.4	22	2.1	–11.9		NM	–55.2	NM

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

million in potential earnings.

Pessimists see a situation developing similar to Europe's, where the industry seems unable to get above an unprofitable 80% of capacity. Says John Hammond of Data Resources, Inc.: "The only relief valve is fewer imports." Unlikely.

The auto parts suppliers may be hit worst of all. A shakeout looms for them as the big three try to strip down production costs by some 30%. The Japanese, too, are competing directly for position here. For example, sales have more than tripled, to $170 million, since 1983 at Nippondenso Sales, the Detroit-based subsidiary of Japan's auto supply leader. Its largest customer is Ford. The firm primarily imports, but it is putting a large addition onto its Battle Creek, Mich. plant.

As in any shakeout, the beneficiaries will be the strong. In exchange for playing a more active role in design and engineering, favored suppliers such as A.O. Smith and Sheller-Globe are already landing longer-term and higher-volume contracts. "Everyone is trying to make sure his place in the network is established," says Peter Van Hull of Arthur Andersen & Co.

Elsewhere:

- In replacement parts, suppliers are being battered by car dealer service contracts, longer intervals between repairs and the growing number of foreign cars on the road. Unit growth has slowed to just 1% to 2%, less than half of the rate in the 1970s, says consultant Gregory Macosko at ACS Ltd.
- In tire and rubber, this year will probably bring more plant closures, more diversification and drab profits. Unit volume will be off 5%. Another 10% drop in industry capacity is expected, as in 1985, but continued price-cutting will cancel potential benefits.
- In medium and heavy trucks, U.S. manufacturers are getting their first taste of competition from Japan. Two Japanese producers recently started selling through established dealers, Nissan with International Harvester and Isuzu with General Motors. Ford? It's building its new Cargo midsize truck in Brazil. More supply but, again, less demand. A 5% decline is seen for the industry overall.

Hardest hit in trucks will be the class-8 market. That could mean trouble for Paccar Inc., second most profitable among the big automotive companies over the past five years, although its sales and earnings fell over the last 12 months.

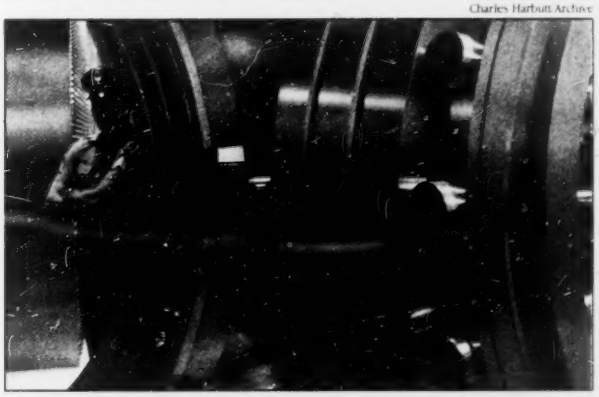
The cheeriest note is in the recreational vehicle industry, which has yet to contend with foreigners. The industry performed poorly in 1985, when the strong dollar made it irresistibly cheap for Americans to go to Paris instead of Yellowstone. This year, predicts analyst Robert Buchanan of Legg Mason Wood Walker, RV sales will climb 2% to 5%, and the industry will move a little closer to its historical performance. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Libbey-Owens-Ford	41/NA	24	6.6%	14.1%	39.4%	4.0%	15	5.2%	12.0%	8	7.7%	0.7%	very low
Dayco	27/23	25	5.4	8.4	84.9	1.6	20	2.6	3.9	21	–17.2	–25.7	low
Allen Group	■/■	26	5.3	13.3	37.8	3.8	25	–0.2	–9.4		NM	22.6	NM
AO Smith	64/NA	27	def	def	60.6	def	21	2.1	–4.4		NM	P–D	NM
Massey-Ferguson	25/46	28	def††	def	482.3	0.0	29	–15.5	–8.5		NM	D–D	NM
Masco Industries	50/66		NA	20.8	239.7	4.8	7	8.7	9.3		NA	NA	NA
Medians			**12.2**	**14.0**	**30.6**	**4.4**		**5.2**	**3.1**		**1.4**	**2.0**	
Recreational vehicles													
Fleetwood Enterprises	60/73	1	14.2%	21.0%	0.0%	4.0%	2	15.3%	–11.5%	1	194.2%‡‡	–16.4%	very high
Coachmen Industries	●/●	2	13.8	7.1	8.4	1.7	1	32.9	–30.4	2	98.0‡‡	–65.3	average
Skyline	32/●	3	6.0	7.4	0.0	2.8	3	–2.8	–14.6	3	–5.6	14.3	low
Medians			**13.8**	**7.4**	**4.2**	**2.8**		**15.3**	**–14.6**		**98.0**	**–16.4**	
Tire and rubber													
Cooper Tire	●/●	1	22.2%	12.3%	22.7%	3.8%	1	13.7%	–2.0%	2	23.8%	–13.6%	high
Goodyear	74/68	2	10.4	13.6	20.7	4.5	3	4.2	–5.8	3	9.3	2.8	average
Armstrong Rubber	73/62	3	7.7	7.0	25.9	2.1	2	11.6	15.4	4	8.5‡‡	–41.8	high
GenCorp	41/16	4	5.0	4.2	34.2	1.3	4	2.2	25.2	5	–27.5	–36.0	low
BF Goodrich	43/48	5	3.4	def	61.6	def	5	2.2	–5.0		NM	P–D	NM
Firestone	73/NA	6	3.3	4.7	19.4	1.5	6	–6.1	–7.6	1	41.8‡‡	–38.4	very low
Medians			**6.4**	**5.9**	**24.3**	**1.8**		**3.2**	**–3.5**		**8.9**	**–37.2**	
Industry medians			**9.8**	**13.6**	**26.0**	**4.0**		**4.9**	**1.6**		**0.7**	**–11.4**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

BANKS AND THRIFTS

Charles Harbutt Archive



Sour loans? Confidence catastrophes? Regulatory outcries? Despite it all, banks and even some thrifts are getting their assets in gear.

Banks and thrifts

Yardsticks of management performance

	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Multinational banks												
Bankers Trust NY	1	18.4%	17.2%	36.9%	7.4%	6	8.9%	6.1%	3	10.9%	13.1%	average
JP Morgan	2	15.7	18.7	20.8	10.5	4	9.9	6.3	4	10.6	39.2	very high
Bank of Boston	3	15.6	17.4	47.9	5.9	3	11.0	14.9	1	12.1	59.5	very high
Chemical New York	4	15.4	16.2	44.0	6.9	5	9.7	2.4	5	10.4	21.6	very high
Citicorp	5	15.2	16.0	199.9	4.6	2	11.1	13.1	2	11.2	21.4	high
Irving Bank	6	14.2	12.7	46.7	5.3	8	7.8	–0.9	6	3.4	9.4	low
Manufacturers Hanover	7	13.7	12.8	214.0	4.8	1	14.0	9.7	7	3.3	15.6	average
Chase Manhattan	8	13.2	12.9	57.7	5.4	9	7.6	3.5	8	–0.2	28.6	very low
BankAmerica	9	10.6	def	90.2	def	10	7.0	–0.8	10	–16.8	P–D	very high
First Chicago	10	8.1	8.0	37.7	3.6	7	8.7	4.3	9	–4.2	135.3	very low
Continental Illinois	11	def	22.8	141.4	4.7	11	1.3	–29.3		NM	D–P	NM
Medians		**14.2**	**16.0**	**47.9**	**5.3**		**8.9**	**4.3**		**3.4**	**21.5**	
Northeast banks												
Republic New York	1	22.0%	14.5%	62.4%	9.3%	9	19.0%	14.9%	6	10.6%	3.6%	average
Midlantic Banks	2	21.2	19.1	33.3	9.9	5	21.8	22.5	7	10.3	15.7	very high
State Street Boston	3	21.0	19.3	30.5	10.2	13	13.4	11.3	2	26.6	14.7	high
Fleet Financial	4	18.2	19.1	84.3	10.1	12	15.6	10.3	3	14.8	22.1	very high
Hartford National	5	16.6	18.4	8.7	9.9	4	22.5	29.3	12	9.0	10.7	average
First Fidelity Bncp	6	15.8	14.9	14.5	8.6	2	29.0	8.8	5	11.0	0.6	very high
Norstar Bancorp	7	15.5	14.9	33.0	10.3	1	35.7	32.1	11	9.4	5.4	very high
Bank of New York	8	15.4	15.4	22.3	7.9	14	12.3	4.0	4	13.4	4.2	very high
Fidelcor	9	15.4	16.9	29.9	7.1	10	17.0	3.6	1	53.5	17.2	very high
Bank of New England	10	15.3	18.0	24.1	7.2	8	19.7	9.3	10	10.0	–6.1	high

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. For further explanation, see page 56.

By Matthew Schifrin

FOR THE BANKS IT WAS THE BEST of times and the worst of times. Last year more than 110 of the nation's 15,000 banks failed, the most since 1937. Another 1,137 are on the FDIC's problem list. But bank stocks are riding high. And overall return on equity for the seven bank groups on our lists was 15.1%, compared with 13.5% in 1984 and 12.9% in 1983.

The profitability came partly from falling interest rates. Why else are the stocks doing well? Merger mania. In June the Supreme Court legitimized regional compacts on interstate banking. In effect, each state can now legally pick its partners in the mergers and acquisitions game. But there are some wallflowers in this game: New York, California and Texas, homes of the money centers. In fact,

	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
BayBanks	11	15.0%	16.0%	4.5%	7.5%	11	16.4%	10.6%	13	8.3%	29.1%	very high
KeyCorp	12	14.2	17.1	28.1	9.6	3	24.4	38.4	8	10.1	22.7	high
Mellon Bank	13	12.9	12.6	53.5	6.2	6	19.8	9.8	15	4.7	15.9	low
Shawmut	14	12.5	15.4	22.0	7.7	7	19.7	8.4	9	10.0	19.6	very high
Marine Midland	15	9.9	8.9	59.0	4.0	15	10.5	–2.4	14	7.2	–3.5	average
Medians		**15.4**	**16.0**	**29.9**	**8.6**		**19.7**	**10.3**		**10.1**	**14.7**	
Mid-Atlantic banks												
PNC Financial	1	17.1%	18.6%	36.4%	10.4%	7	14.1%	23.2%	4	13.8%	25.7%	very high
United Virginia Bkshs	2	17.1	17.6	14.6	9.1	1	16.1	11.1	5	13.5	14.7	very high
Sovran Financial	3	16.4	17.6	14.8	8.9	3	14.7	13.8	2	16.0	16.8	very high
CoreStates Financial	4	15.2	31.8	43.3	17.8	8	12.9	1.3	3	15.6	97.0	high
Meridian Bancorp	5	14.8	17.3	33.5	8.7	4	14.4	38.8	7	8.5	31.7	very high
Maryland National	6	14.3	16.9	51.7	7.8	2	15.1	23.8	6	9.1	35.8	high
Bank of Virginia	7	13.4	18.3	19.7	8.0	6	14.2	13.7	1	19.6	16.0	high
Riggs National	8	12.8	13.2	43.5	6.3	5	14.3	6.8	8	2.2	17.4	low
First Pennsylvania	9	def	def	49.9	2.8	9	–10.2	0.1		NM	D–D	NM
Medians		**14.8**	**17.6**	**36.4**	**8.7**		**14.3**	**13.7**		**13.5**	**17.4**	
Midwest banks												
Banc One	1	18.6%	18.2%	13.4%	10.5%	1	35.1%	20.7%	1	12.7%	13.4%	very high
Mercantile Bancorp	2	15.0	12.9	33.7	7.7	12	7.9	9.4	10	3.9	4.7	average
First of America Bank	3	14.7	19.1	29.7	8.1	2	27.3	6.6	2	12.5	27.8	average
Huntington Bcshs	4	14.3	16.1	18.6	8.0	3	22.7	4.5	8	4.3	20.2	low
First Bank System	5	13.6	14.8	51.4	6.5	6	16.1	9.4	7	4.6	40.1	average

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. For further explanation, see page 56.

New York is the only state that has yet even to be named in the regional network of another state.

The regional banks are having their way, and it may be at least another five years before money centers are let in. By that time, there may be something new on the scene: the superregional bank. Regionals are merging so rapidly that their stocks enjoy at least a 20%-multiple premium over money centers, and most have more than doubled S&P's 500's performance this year.

In the Southeast, the hottest merger area in the country, nine of the ten banks on our list have been involved in mergers. First Union of North Carolina is doubling, to $16 billion in assets, by acquiring three other banks. Wachovia (now First Wachovia) purchased First Atlanta, nearly doubling to $16 billion. And by early this year NCNB's assets will pass the $20 billion mark. Before the June decision only two southeastern banks had assets over $11 billion; now five potentially have $15 billion or more. To be sure, $16 billion is a far cry from Citicorp's $169 billion in assets, but the superregionals don't intend to stop there.

Weep not for the money centers. They have their methods. "We have done more geographic expansion since that goddamn decision than we did before it," says Chase Manhattan's Vice Chairman Anthony Terracciano. "Look, we are not going to get any help on this issue, so we have to take advantage of opportunities as they come along."

Plenty have come along—"nonbank" areas like Citibank's massive credit card network and Manufacturers Hanover's financial services arm, CIT Financial. In the wake of the thrift crisis in Ohio and Maryland, Chase bought nine S&Ls there with the blessings of the regulators and is converting them into commercial banks. Citicorp and Chase are planning to acquire banks outright in states such as Arizona that allow nationwide banking.

Moreover, the big banks are turning themselves into investment banks more rapidly than ever. They can't underwrite corporate debt and equity, of course, because of the Glass-Steagall Act, but they can do such things as mergers and acquisitions, Euromarket underwriting and interest-rate swaps. Over 25% of most money centers'

Banks and thrifts

Yardsticks of management performance

	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
First Wisconsin	6	13.0%	11.9%	17.3%	6.2%	15	4.6%	4.1%	9	4.3%	19.8%	average
National City	7	12.7	16.5	30.5	7.8	8	13.4	78.8	6	5.0	22.6	average
Society	8	12.0	13.7	20.8	5.8	7	14.8	60.0	4	6.4	6.5	average
NBD Bancorp	9	11.3	12.9	21.3	7.6	10	9.1	14.8	5	5.1	25.8	average
Norwest	10	11.0	9.5	153.8	4.4	4	17.6	0.4	15	–11.7	86.7	average
Comerica	11	11.0	11.1	11.3	5.2	5	16.9	8.9	11	3.0	3.8	low
AmeriTrust	12	10.3	11.4	0.0	11.0	16	4.2	10.8	12	2.8	15.5	low
Centerre Bancorp	13	10.1	8.6	31.4	5.1	11	8.7	–3.6	13	–8.6	24.4	average
Manufacturers Natl	14	9.7	14.2	11.7	7.3	13	7.8	4.3	3	7.4	26.5	very low
Northern Trust	15	8.9	7.0	25.8	3.8	14	7.3	0.5	14	–8.9	31.1	low
Michigan National	16	6.1	8.2	22.9	3.6	9	9.9	–0.1		NM	D–P	NM
Medians		**11.7**	**12.9**	**22.1**	**6.9**		**11.7**	**7.8**		**4.3**	**22.6**	
Southeast banks												
First Atlanta	1	18.8%	22.3%	51.1%	9.3%	6	19.2%	18.7%	1	24.0%	30.5%	very high
Barnett Banks Fla	2	17.9	18.2	38.8	7.9	1	32.3	21.2	6	17.0	11.2	very high
First Union	3	17.4	20.2	28.7	11.0	5	20.7	17.2	7	14.0	24.1	high
Citizens & So Ga	4	17.2	18.9	23.0	9.0	8	15.9	57.6	3	21.0	8.7	very high
Wachovia	5	16.4	20.3	19.7	12.2	9	14.9	7.8	4	17.9	22.0	high
NCNB	6	16.1	17.5	39.9	8.1	4	22.2	12.7	8	10.8	15.3	very high
First Tennessee Natl	7	14.7	16.5	24.9	7.6	10	14.5	11.1	9	10.3	20.3	very high
Southeast Banking	8	14.1	11.7	42.5	5.5	7	16.7	8.9	10	1.8	–5.2	low
Florida Natl Banks	9	11.7	30.1	22.9	14.6	2	27.5	12.2	2	22.0	76.7	high
SunTrust Banks		NA	17.5	16.1	9.5	3	24.5	14.3	5	17.2	5.6	very high
Medians		**16.4**	**18.6**	**27.3**	**9.2**		**20.0**	**13.5**		**17.1**	**17.8**	
Southwest banks												
Allied Bancshares	1	26.4%	21.6%	15.5%	11.1%	1	40.0%	10.8%	1	20.7%	6.8%	very high
Texas Commerce Bcshs	2	20.9	10.8	15.3	6.3	3	20.0	1.3	2	15.2	–31.1	very high
MCorp	3	18.9	12.5	28.4	6.2	2	29.6	66.8	3	8.1	–14.5	average
RepublicBank	4	16.5	13.2	30.3	6.6	7	16.3	3.6	4	6.0	23.2	average
Texas American Bcshs	5	14.7	9.0	34.8	5.0	4	19.4	8.9	5	4.1	–21.5	low
First City Bancorp	6	13.8	3.9	40.7	2.6	5	17.5	–0.4	6	–12.5	–18.0	low
InterFirst	7	11.3	5.3	47.4	2.8	6	16.9	–8.8		NM	–49.2	NM
Medians		**16.5**	**10.8**	**30.3**	**6.2**		**19.4**	**3.6**		**6.0**	**–18.0**	

D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth
††Three-year average For further explanation, see page 56.

earnings this year may come from investment banking—more than $750 million for six New York banks alone.

The big banks want in because their core business—originating and holding commercial and industrial loans—is drying up. "Many of our customers are going to markets on their own credits and are coming to us less and less for loans," says Dennis Weatherstone, chairman of Morgan's executive committee. Investment banking obviously is the answer. For one thing, banks can grow revenues without adding assets. It's also tailor-made for big banks: Most money centers already have strong relationships with potential investment banking clients—the same people they have been lending to for decades.

Is investment banking profitable? It's no accident that two of the leaders of the banks' invasion of Wall Street—Bankers Trust and Morgan—also lead the multinational group in five-year return on equity.

What about the thrifts? Kenneth Rilander of PaineWebber Capital Markets divides the thrifts into three groups: About one in two is well capitalized, such as H.F. Ahmanson and Golden West Financial, and thus able to reap the rewards of low interest rates and a favorable economic environment. Another one in four has problems but with some thorough balance sheet work might join the happy few. The rest of the thrifts, says Rilander, are "living underground"—being liquidated, merged, or propped up by the FSLIC.

Sometimes you have to look behind the numbers. Take the top thrift on our list, Columbia S&L in Beverly Hills. It had a net worth of about $9.5 million in 1981. Now it's over $250 million. "That's acquisition-free growth—no intangibles," boasts President Thomas Spiegel. But Columbia owes much of that asset growth to risky takeover-related junk bonds (FORBES, *Nov. 19, 1984*).

Mergers have also been sweeping the thrift industry, mainly between a healthy acquirer and a sick acquiree. One to watch: Great American First of San Diego's bid for Home Federal in Arizona. If approved by the Federal Home Loan Bank Board, it will be the first time two big, healthy thrifts have been allowed to merge across state lines. ■

Banks and thrifts

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Western banks													
Security Pacific		1	16.7%	16.0%	111.2%	5.9%	1	14.5%	6.5%	1	9.9%	12.5%	very high
Valley National		2	14.9	15.4	21.0	7.2	2	13.7	10.6	6	–0.3	33.6	very low
US Bancorp		3	14.5	12.2	53.7	7.8	4	10.9	12.3	5	0.5	14.1	very low
First Interstate		4	14.4	13.1	88.6	5.9	3	11.9	7.0	4	1.8	11.0	average
Rainier Bancorp		5	13.7	14.0	37.8	7.7	7	10.1	3.7	2	6.8	3.6	average
Wells Fargo		6	13.7	14.3	202.4	5.4	8	9.0	4.1	3	4.7	23.9	high
First Security		7	12.7	5.2	60.2	3.1	5	10.8	1.8	7	–10.2	102.7	low
California First Bank		8	9.0	9.3	11.0	4.5	6	10.2	5.0	8	–13.3	17.7	average
Medians			**14.1**	**13.6**	**57.0**	**5.9**		**10.9**	**5.8**		**1.2**	**15.9**	
Thrift institutions													
Columbia S&L		1	41.1%	42.1%	171.8%	14.3%	1	113.3%	65.4%		NM	345.7%	NM
American Continental		2	28.8	52.9	684.5	7.1	16	18.9	25.9	1	53.2%	291.3	average
Finl Corp of America		3	21.2	def	166.6	def	2	101.3	2.4		NM	D–D	NM
Golden West Finl		4	16.8	43.0	41.5	10.4	10	23.9	32.1		NM	73.5	NM
CityFed Financial		5	14.8	25.5	0.0	6.2	3	44.2	14.6		NM	0.3	NM
Gt Western Financial	77/69	6	2.3	15.7	75.1	4.8	8	26.3	24.1		NM	61.4	NM
HF Ahmanson		7	2.3	17.6	8.7	5.6	17	17.8	15.6		NM	170.3	NM
Gibraltar Financial		8	def	18.3	108.3	3.5	15	19.1	22.6		NM	8.4	NM
National Intergroup	25/NA	9	def	def	15.4	def	19	–10.8	–57.9		NM	D–D	NM
Imperial Corp of Am		10	def††	1.9	297.4	0.4	18	16.8	32.5		NM	D–P	NM
CalFed			NA	15.7	2.2	5.7	6	31.3	18.5		NM	85.4	NM
Carteret S&L			NA	16.3	12.3	3.8	4	43.4	10.4		NA	169.2	NA
CrossLand Savings			NA	NA	85.3	def	5	32.0‡	NA		NA	NA	NA
First Federal Mich			NA	21.2	89.6	4.5	7	29.7	15.8		NA	92.0	NA
Florida Federal S&L			NA	def	44.9	def	13	22.2	15.4		NA	P–D	NA
Glendale Federal S&L			NA	8.3	28.6	3.7	9	25.0	16.7		NM	7.2	NM
Gt Am First Savings			NA	10.0	28.9	4.1	11	23.0	32.1		NA	NA	NA
Home Federal S&L			NA	9.6	24.6	5.2	14	20.0	31.5		NM	7.7	NM
PSFS			NA	3.3	66.1	1.8	12	22.4	24.0		NA	–58.1	NA
Medians			**8.6**	**15.7**	**44.9**	**4.1**		**23.9**	**20.6**		**NM**	**34.9**	
Industry medians			**14.7**	**15.4**	**33.3**	**6.6**		**16.3**	**10.5**		**6.4**	**16.4**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth ††Three-year average For further explanation, see page 56

BEVERAGES AND TOBACCO

Steven Brown

For years, only the U.S. Mint made money more easily than these folks. For some, times have changed. For others, the good times still roll.

By Laurie Root

THESE HAVE ALWAYS BEEN BUSINESSES where you're almost sure to make a buck. The work is harder these days, but it still pays very well—for most.

Take soft drinks. Americans drink more of them than water. But today's soda drinkers are worried about calories and cancer. Many even want a little nutrition. That means choices—flavors, juices. Just as in the apparel business *(see p. 64)*, it's called segmenting.

Does it pay? Look at the soft drink industry—26.5% ROE last year, 25.1% over the last five. And look who's leading the cola wars: PepsiCo with a 29.2% ROE last year, to Coca-Cola's 23.8%.

The reasons: a series of moves by PepsiCo, including its $590 million purchase of MEI's bottling business in December, which will help reduce costs. PepsiCo also sold off weak and unrelated Wilson Sporting Goods and North American Van Lines to focus on what it knows best: soda, snacks and fast food.

John Costello, senior vice president for marketing and sales, boasts that Pepsi led Coke in 1985 supermarket sales and, when the dust settles, may well be the number one soft drink in America.

This isn't the victory it would have been five years ago. In a segmented market, total share is what counts. That's still Coca-Cola's because of its large lead in fountains and vending machines.

Segmenting came earlier to the liquor and brewery business, and it isn't helping now. These companies must distance themselves from what used to be their main attraction—alcohol—to appeal to health-conscious, weight-watching Americans.

Beverages and tobacco

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Alcoholic beverages													
G Heileman Brewing	88/●	1	28.7%	16.0%	22.0%	3.7%	3	16.0%	–0.6%	4	12.3%	–15.1%	high
Brown-Forman	67/84	2	22.8	17.7	57.1	9.0	2	18.4	0.9	3	16.0	32.6	high
Anheuser-Busch Cos	65/●	3	20.1	19.4	37.3	6.3	1	19.5	7.2	1	18.9	15.3	very high
Seagram	●/●	4	14.6	9.2	25.4	13.8	6	3.2	10.3	2	18.1	–28.4	high
McKesson	21/34	5	14.0	12.5	33.4	1.3	5	4.2	20.5	6	–4.9	0.5	average
Adolph Coors	82/●	6	7.8	5.2	0.0	3.7	4	8.2	11.3	5	–3.9	–10.3	very low
Medians			**17.4**	**14.3**	**29.4**	**5.0**		**12.1**	**8.8**		**14.2**	**–4.9**	

●90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit NA: Not available ‡Four-year growth

For further explanation, see page 56.

Beer sales, down in 1984 for the first time in decades, were flat last year. Hard liquor was down about 2%. The only notable growth anywhere was a 4% rise in wine, and that from the cooler fad—a fad that probably won't last.

By October 1986, the 13 states (plus the District of Columbia) that have not yet raised the drinking age to 21 will have to do so to keep full federal highway funding. That won't help. Nor will the 19% excise tax hike Congress socked to distilled spirits in October.

But the good times roll on for Anheuser-Busch, whose 1985 Budweiser sales totaled more than all other premium beers combined. Growing 5% in a flat industry, Anheuser is rapidly approaching a 40% share of the U.S. market. Among brewers and distillers last year, Anheuser came closest to matching its five-year average ROE.

Things are different at Coors, Heileman and Philip Morris' Miller. Miller, number two to Anheuser-Busch but with only half the market share, managed a slight increase in 1984, despite the industrywide decline. Still, Miller shipped no more beer in 1985 than in 1980. Miller is marking time: While its Lite, the number two beer in America, is growing, High Life, number three, has been shrinking.

Some analysts have faith in Coors to beat the market, but Coors, along with Heileman, is undergoing big geographic expansion. When the expansion is over later this year, the growth may be, too.

In the face of 21 years of Surgeon General's warnings, Americans smoked some 600 billion cigarettes last year. Sales are down about 2% again, but that's been going on for a couple years. It was nothing compared with the drop in tobacco stocks—Philip Morris, R.J. Reynolds and American Brands were each down about 15% in 1985.

They will likely slide further if a company loses but 1 of the 40-odd product liability suits before the courts. Early rulings have favored the tobacco companies, but any victory for the plaintiffs, particularly one with punitive damages, could open the floodgates.

The first case went to court in November, and in December there was more bad news: The American Medical Association announced a campaign to end all tobacco advertising and ban sales to the under-21 crowd.

Attention, contrarians: Some analysts stopped recommending tobacco stocks months ago, but Becky Barfield of First Boston thinks Reynolds and Philip Morris are buys. They have been knocked down way too far, she says, and will come back.

Outside the U.S. things are different for the tobacco companies. There's growth there of maybe 3% annually.

Tobacco prices are also on the way down, thanks to the Agriculture Department's cutting leaf price supports. Smokers have always tolerated price hikes, allowing the companies to continue to price above inflation. In fact, profits in this industry can increase even when market share declines, as has been the case with American Brands for the last 15 years.

Only the Mint makes money more easily. Before its purchase of General Foods, Philip Morris, for example, was generating $2 million per day in excess cash. The tobacco companies are putting that cash into nice, safe companies with solid brand names and no liability problems, like General Foods and Nabisco. Those companies are cash generators themselves and will help replenish the till for future purchases.

Barring catastrophe in the courts, the tobacco companies have plenty of time and money to be anything they want to be. ■

Beverages and tobacco

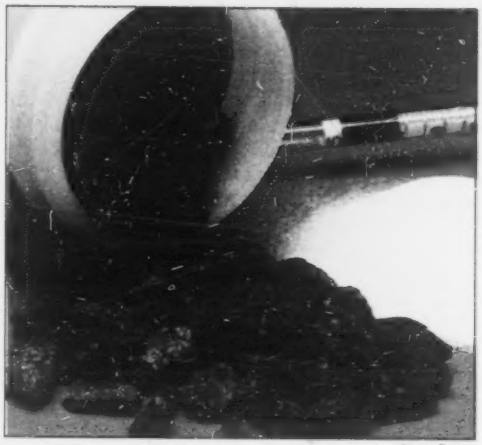
Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Soft drinks													
General Cinema	55/61	1	34.5%	34.5%	114.6%	12.9%	4	6.9%	–0.1%	1	43.0%	76.2%	very high
MEI	76/83	2	28.4	20.4	74.4	5.3	1	23.6	12.8	2	22.8	–2.0	very high
Coca-Cola	68/77	3	21.8	23.8	26.6	8.6	3	7.3	6.0	3	6.6	8.4	very high
PepsiCo	37/30	4	16.8	29.2	37.0	6.9	2	8.9	–6.1	4	–3.0	171.7	very low
Medians			25.1	26.5	55.7	7.8		8.1	3.0		14.7	42.3	
Tobacco													
RJ Reynolds Inds	49/75	1	24.0%	24.6%	25.3%	25.3%	2	11.8%	6.8%	3	12.8%	48.3%	high
Culbro	50/NA	2	24.0	7.3	34.8	1.1	1	18.6	–1.5	5	10.4‡	–20.6	very low
Philip Morris Cos	79/●	3	23.6	26.5	50.3	10.5	3	10.0	1.8	2	13.1	10.9	very high
Loews	18/83	4	22.1	27.4	20.1	9.3	4	5.4	19.5	4	12.3	48.7	average
American Brands	40/69	5	21.1	18.6	31.8	9.1	6	2.8	0.2	8	2.1	–1.0	average
Universal Leaf	80/●	6	19.0	18.3	3.2	3.9	8	1.9	12.9	6	9.6	4.8	very high
Std Commercial Tob	●/●	7	18.2	10.5	24.5	1.7	5	4.8	9.6	7	4.0	–23.0	very low
Dibrell Brothers	●/●	8	17.4	18.2	0.0	3.3	7	2.4	13.3	1	27.2	–29.3	very high
Medians			21.6	18.5	24.9	6.5		5.1	8.2		11.4	1.9	
Industry medians			21.5	18.5	29.2	6.6		7.8	7.0		12.3	2.7	
All-industry medians			13.7	12.7	36.6	3.8		6.9	4.3		0.3	–6.0	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit NA: Not available ‡Four year growth
For further explanation, see page 56

CHEMICALS

The chemical companies almost drowned in overcapacity in their commodity businesses. Specialty chemicals were doing much better. So. . . .



Steven Brown

By Christopher Power

THE PLAIN FACT IS, chemicals aren't an exciting growth industry anymore," says Charles Reeder, chief economist for Du Pont.

Too bad the industry didn't realize it in time. All through the late Seventies the chemical companies got ready for a boom. What they got in the early Eighties was a bust instead. So they curbed their ambitions during the 1983-84 recovery, doing little more than keeping pace with the growth in manufacturing. The strategy seemed to work splendidly. In those two years, sales in our group went up 7.2% and 5.8%, respectively, and earnings increased 6.4% and 33.1%, respectively.

But when manufacturing stalled last year, it turned out that just keeping up had been going too fast. Fact is, the late-Seventies overcapacity still overhangs the market. The industry thought it had shut expansion off like a faucet, but a lot of it is still coming on. During the past 15 months, for example, worldwide capacity has increased by more than 5% and overcapacity in some basic chemicals runs as high as 30%.

Chemicals

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Diversified													
Rohm & Haas	75/77	1	15.1%	15.3%	17.8%	7.0%	5	4.3%	0.7%	1	12.3%	–12.5%	average
Univar	•/•	2	13.8	10.7	63.9	1.1	6	3.4	3.2	8	1.2	–30.3	very low
Borden	31/41	3	13.4	13.9	31.0	4.1	14	0.0	0.5	3	10.6	5.2	very high
Borg-Warner	24/31	4	13.1	10.8	14.7	4.4	3	8.4	0.8	6	6.2	–15.4	average
Allied-Signal	22/14	5	12.7	14.0	45.7	4.8	2	19.6	–5.9		NM	301.7	NM
El du Pont	33/25	6	12.2	7.6	28.8	2.7	1	27.2	–6.0	10	–2.6	–37.8	very low
Hercules	44/48	7	12.1	11.0	30.8	6.0	10	1.5	–1.2	9	–0.9	–23.3	very low
American Cyanamid	26/13	8	11.7	10.2	31.5	4.7	8	2.8	–4.8	7	2.3	–22.7	very low
Dow Chemical	83/84	9	11.3	8.6	54.2	3.9	7	3.0	–2.9	12	–15.5	–18.2	average
Monsanto	81/•	10	10.5	8.0	22.7	4.3	11	0.5	–3.4	5	8.6	–34.9	low
FMC	36/47	11	10.5	5.5	30.4	1.0	12	0.3	–10.4	13	–15.8	–70.8	low
Celanese	46/46	12	9.6	16.0	60.2	5.1	13	0.0	–7.2		NM	1.6	NM
Union Carbide	43/49	13	8.9	def	48.0	def	15	–0.7	–4.5	15	–25.1	P–D	average
Olin	56/35	14	8.7	def	42.6	def	9	2.3	–9.6	4	8.9	P–D	low
Pennwalt	62/66	15	8.6	def	23.4	def	16	–2.4	–1.9	11	–7.4	P–D	low
Reichhold Chemicals	89/•	16	8.5	7.8	23.1	2.0	17	–3.1	0.3	2	12.1	–36.9	low
National Distillers	40/43	17	8.2	4.8	30.4	2.7	4	4.6	–33.0	14	–19.3	–29.7	high
Medians			**11.3**	**8.6**	**30.8**	**3.9**		**2.3**	**–3.4**		**–0.9**	**–29.7**	

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NM: Not meaningful. For further explanation, see page 56.

"It's been damn tough," says J. Lawrence Wilson, group vice president for $2 billion (sales) Rohm & Haas, which has been battered across the board—even in specialties long thought to be safe for growth, such as polymers for the now slumping electronics industry. "You would never have assumed such volatility in the early Seventies," says Charles Rose, Oppenheimer & Co.'s specialty chemicals analyst. "Then it looked like demand in fields like oil exploration and electronics would just grow and grow." The five-year average return on equity for our specialized chemicals group is over 15%; for the latest 12 months, it's under 11%.

But fortunately—or unfortunately for the future, maybe—some specialty chemicals are doing so well that the same old story looks as if it's about ready to repeat itself.

Take Economics Laboratory, a middling ($727 million in sales) specialty chemical company that does not even appear on the FORBES list. Its range of cleaning products has kept average return on equity over 18% since 1980. No wonder the big commodities companies are falling all over one another to get into these businesses. Dow is developing superspecialized plastics. Hercules has graphite fibers for use in outer space. Union Carbide is expanding its old industrial gases division.

The move into specialties has coincided with a retreat from commodities. Dow, which has sold off over $1 billion in assets since 1982 and abandoned plans for a $1 billion polyethylene complex in Saudi Arabia, took a charge of $475 million last year. Union Carbide has shed about $1 billion worth of businesses since 1978 and took a 1985 charge of $1 billion as well—although even that may not keep it out of GAF's clutches. Monsanto has been slashing costs ever since it acquired drugmaker G.D. Searle in October 1985. Example: It is offering early retirement to 3,900 workers.

Long term, this "restructuring" will help. Most companies now can break even running at around 70% of total capacity. Not too many years ago, says Du Pont's Reeder, "such operating rates would have meant a recession. You get operating rates back up to 80%, and you have a very attractive situation."

Will that happen? With worldwide demand expected to grow at a compound 5% through the 1980s (global GNP will be up only 3% a year during the period), chemicals ought to be in for some terrific leverage. "By the end of the decade," says Salomon Brothers analyst Leslie Ravitz, "when the capacity cycle catches up with the business cycle, this will be a very good industry to be in."

Ravitz undoubtedly is right, but what good will it do if the industry repeats its mistake in specialty chemicals? ■

Chemicals

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Specialized													
Nalco Chemical	●/●	1	22.8%	20.6%	5.3%	10.9%	15	2.5%	–5.2%	8	1.8%	–4.2%	very low
Morton Thiokol	52/61	2	21.0	29.5	21.7	10.7	1	20.6	–8.8	1	16.6	78.9	low
Intl Flavors & Frags	●/●	3	20.6	19.3	0.0	14.0	16	2.4	2.6	6	2.2	–1.6	high
Freeport-McMoRan	52/75	4	20.2	17.5	88.7	15.6	4	9.4	–5.3	19	–12.0	40.9	average
Cabot	30/31	5	19.9	def	46.8	def	7	7.5	–19.7	11	–4.2	P–D	very low
Lubrizol	●/●	6	17.9	12.7	6.4	6.9	18	0.4	8.9	17	–10.3	–9.9	average
Engelhard	22/58	7	17.8	10.2	12.7	2.2	20	0.1	–4.8	9	–0.2	0.6	very low
Vulcan Materials	30/35	8	17.6	14.9	15.3	7.7	13	4.5	3.8	10	–0.2	–3.5	very low
Dexter	45/45	9	16.7	13.6	37.1	4.5	12	5.0	1.4	4	2.9	–3.3	average
Tyler	37/32	10	16.5	10.8	88.4	2.3	2	14.1	–18.8	6	2.2	–38.4	very low
Witco	●/●	11	15.6	15.3	38.3	3.9	6	8.0	–0.9	3	5.0	–9.1	low
Air Prods & Chems	●/●	12	15.5	13.1	33.8	7.8	8	6.3	5.4	5	2.3	4.4	very low
Big Three Industries	43/62	13	15.4	1.9	35.0	1.4	9	6.1	8.3	13	–6.9	–77.6	very low
Ethyl	63/71	14	13.9	14.7	56.0	7.0	21	0.0	–10.6	2	5.1	3.1	average
WR Grace	42/57	15	13.8	7.1	68.6	2.3	14	3.5	6.4	15	–8.5	–20.3	low
Intl Minerals	70/78	16	13.3	8.7	31.3	5.9	22	–1.8	–0.6	16	–10.2	2.4	average
Sun Chemical	73/77	17	12.8	10.7	96.2	2.2	3	13.2	1.1	20	–18.1	70.1	low
Liquid Air	84/●	18	11.1	10.8	60.7	5.8	10	5.7	9.0	14	–6.9	19.2	average
Williams Cos	23/17	19	10.2	3.6	145.6	1.5	5	9.0	–17.6	12	–4.5	–73.1	very low
Ferro	●/●	20	10.1	6.8	32.4	2.0	19	0.2	–2.4	18	–10.5	–36.5	average
NL Industries	34/●	21	9.4	def	39.1	def	25	–7.7	1.8		NM	P–D	NM
BF Goodrich	41/58	22	3.4	def	61.6	def	17	2.2	–5.0		NM	P–D	NM
Koppers	48/17	23	3.1	def	35.8	0.1	23	–2.5	3.2		NM	P–D	NM
Inspiration Resources	40/●	24	def	def	55.8	def	11	5.2	27.1		NM	D–D	NM
GAF	48/87	25	def	25.1	33.9	7.2	24	–6.9	–1.2		NM	D–P	NM
Medians			**15.4**	**10.8**	**37.1**	**3.9**		**4.5**	**–0.6**		**–6.9**	**–6.7**	
Industry medians			**12.8**	**10.5**	**34.5**	**3.9**		**2.9**	**–1.6**		**–4.4**	**–20.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NM: Not meaningful For further explanation, see page 56

COAL

Whatever happened to the energy crisis? Whatever happened to the utilities? Whatever happened to the steel business?

Michael O'Brien Archive

By Richard Morais

ON OUR CHART LAST YEAR four of the six public coal mining companies posted 12-month profits. This year only one managed to do so. Soft pricing and over 100 million tons in excess capacity are hurting the lonely Kentucky independent and the Pennsylvania public company alike.

"We overbuilt," says Otes Bennett, chairman of North American Coal, referring to the boom of coal mines after the energy crisis. Not only has the energy crisis become energy glut, but also major steel customers have collapsed and even utilities have become less reliable customers, all within the past few years.

There was the 1984 United Mine Workers strike that never was. It was still hurting coal companies in 1985. Utilities still had coal piled to the rafters in early 1985. After working those down, the troubled utilities started trimming their traditional 90-day or so reserves to levels they haven't been at for years. So while coal consumption was up 3.5% from 1984, to 903 million tons, production was down 1% and railroad coal traffic was down 2%.

Surprisingly, exports were up to 87 million tons, 7.4% over last year. Traders managed to sell coal to new mar-

Coal

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
North Am Coal	●/●	1	16.0%	19.4%	537.2%	5.0%	4	4.8%	3.9%	1	29.9%	1.8%	average
Eastern Gas & Fuel	37/14	2	10.6	def	72.0	def	1	8.4	–3.7	2	–16.7	P–D	average
Pittston	45/DD	3	def	def	20.2	def	6	–7.7	–11.8		NM	D–D	NM
Westmoreland Coal	●/DD	4	def	def	30.2	def	3	7.7	–7.4		NM	P–D	NM
AMAX	26/NA	5	def	def	61.0	def	5	–5.0	–14.1		NM	D–D	NM
Cyprus Minerals	61/PD		NA	def	19.0	def	2	7.8‡	8.6		NA	NA	NM
Industry medians			**def**	**def**	**45.6**	**def**		**6.3**	**–5.6**		**NM**	**P–D**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. For further explanation, see page 56.

IN THE HEART OF TOKYO...

Our Guest Register Says It All...

Host to chiefs of state, financial leaders and executive travelers from throughout the world.

Hotel Okura

In a class by itself

Iwajiro Noda, Chairman Emeritus
Tatsuro Goto, President & General Manager
Tokyo, Japan TEL:(03)582-0111 TELEX: J22790

Hotel Okura is conveniently located adjacent to the American Embassy.

one of The Leading Hotels of the World®

See your travel agent or our hotel representatives
LHW. Tel 800 223 6800 Toll Free. 212 838 3110 Collect
R.F. Warner, Inc. Tel 800 223 6148 Toll Free. 212 661 3210
J.A. Tetley Co. Tel 800 421 0000 Toll Free. 213 388 1151

Soft pricing and over 100 million tons in excess capacity hurt Kentucky independents and Pennsylvania public companies alike. Only those that sold to utilities and had low-cost mines profited. "We're waiting for the shakeout," says Otes Bennett, North American Coal's chairman.

kets, such as Bulgaria and Morocco, good for a shipment every three or four months. These 50,000-ton or so contracts, however, went largely to small independents through the spot market. "These small guys collectively have been destroying the market," says Joel Price, analyst at Donaldson, Lufkin & Jenrette. "They're selling at cash cost. No one is making any money this year."

As a result, of course, utilities are shifting increasingly from long-term contracts to the spot market. Spot prices last January for low-volatility metallurgical coal ranged between $40 and $43 per ton. By the end of the year they had dropped a staggering $10, to $30 and $33 per ton, reflecting the continued slump of steel. High-sulfur steam coal is down $6 from $26 four years ago.

Also hurting business is the international concern about acid rain. States such as Michigan made utilities switch from high-sulfur to low-sulfur coal. The result: Some companies saw profitable longstanding contracts fall into competitors' hands. All in all, only companies that sold to utilities and had low-cost mines made profits. Metallurgical coal mines meant trouble.

North American Coal, then, sits alone at the top of this list, topping its five-year return on equity by 21%. The main reason: It supplies the utilities with unique long-term contracts that recoup mining costs while paying a management fee. In down cycles they look good; in boom periods they look like underachievers. Also boosting North American's 1985 earnings was the acquisition of Yale Materials Handling, the third-largest maker of forklifts. But this high-cost coal producer will lose 25% of its tonnage next year when North Dakota's Great Plains Coal Gasification Project closes its doors.

Eastern Gas & Fuel got a boost in volume from Appalachian Power, but metallurgical coal, accounting for 27% of the total, is depressing all coal operations. Hefty writedowns of coal and gas assets late in 1984 caused negative earnings. Eastern also had serious production problems this year, and an extremely profitable high-sulfur mine got into trouble when Detroit Edison switched to low-sulfur coal.

Diversified Pittston, with 60% of its business in metallurgical coal, increased productivity withal and did a great job cutting costs. That and fiddling with its pension plans pulled coal operations into the black the last two quarters—the first time since 1982. Not nearly enough, however, to bring the company's 12-month results into the black.

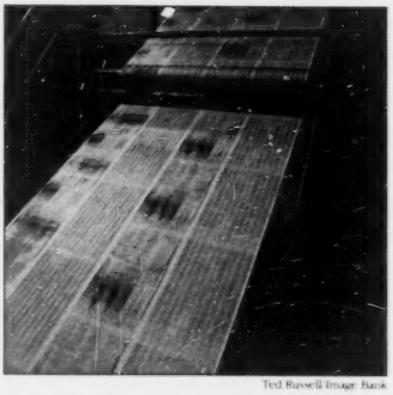
Westmoreland has more than 80% of its business in steam coal under long-term contracts with utilities. Cost-cutting and strong production helped to produce the company's best third quarter in history. A long-term contract with Duke Power currently is being renegotiated downward. Overall, earnings were hurt by asset writedowns.

With big holdings in commodity basket cases like molybdenum and aluminum, AMAX continues to suffer. Cyprus Minerals, spun off from Amoco, is new to our list. Cyprus, big in steam coal and a low-cost producer, has had a profitable coal division for three years straight. Its metallurgical business is held up by a long-term contract with troubled steelmaker LTV. The 1.5-million-ton-a-year total is currently about $20 over the going rate. It's the metal holdings, like copper, that are doing Cyprus in.

"There's more capacity than there is market," says Bennett, summing up a bad year. "We're waiting for the shakeout." ■

COMMUNICATIONS MEDIA

Business was off in most of the media, but prices were up.



Ted Russell Image Bank

By Eric Schmuckler

FIRST IN EARNINGS GROWTH, third in return on equity and third in sales growth, the communications media are an attractive business. That is why prices for the properties go higher and higher even in a year when advertising was down.

After years of outpacing GNP, network TV advertising dropped 4% in 1985 (versus a 4% increase for all TV). National advertising was flat in newspapers and down 2.4% in magazines.

But all in all, publishers had a better year than broadcasters. Sales grew 11.2% in publishing, while broadcasting revenues rose only 4.6%—barely above the all-industry median for 1985.

You would never know it from the furious pace of broadcasting mergers and acquisitions. Until last year the takeover of a TV network was considered close to impossible. But in the last year two have fallen, and the fall of the third seems inevitable.

RCA was the only network owner to better its numbers from 1984, thanks mainly to rebounding ratings at NBC—one of many factors that attracted General Electric. ABC, though, slid more than 9% in sales and earnings. And profits at CBS collapsed, down 98%.

In fact, CBS showed a third-quarter loss of $114 million, its first as a public company. By the end of the year Wall Street was most interested in not if but when it would be taken over.

As usual, non-network TV did better: Both Capital Cities (before merging with ABC) and Meredith outperformed the networks in return on equity. That helps explain why the purchase price of television stations kept skyrocketing.

Another big reason: Pent-up demand for this limited commodity, especially in big cities, was uncorked when the FCC upped group ownership limits in TV stations from 7 to 12. Metromedia, which sold out to Rupert

Communications media

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Publishing													
Dun & Bradstreet	63/73	1	37.9%	23.3%	0.0%	10.9%	4	16.9%	14.8%	3	28.8%	–44.5%	high
Dow Jones	•/•	2	32.2	26.1	4.2	13.0	3	17.1	8.0	5	20.7	2.0	very high
Deluxe Check	•/•	3	29.8	33.4	2.9	13.5	9	13.1	11.8	8	19.3	22.0	very high
Washington Post	86/69	4	23.3	31.4	1.7	10.8	14	10.4	12.2	6	20.4	50.7	high
McGraw-Hill	•/89	5	22.6	21.1	0.3	10.0	15	9.5	8.0	12	13.0	5.0	very high
Capital Cities	62/48	6	21.8	18.9	29.3	13.9	1	17.6	12.8	10	17.2	7.2	very high
Gannett	77/73	7	21.5	21.8	16.5	11.5	10	12.5	15.7	13	10.2	17.9	very high
New York Times	•/•	8	20.8	23.4	15.3	8.5	7	13.7	12.9	7	20.0	20.3	very high
Time Inc	59/54	9	19.7††	20.0	36.1	6.5	5	16.1	11.1	2	44.7‡‡	15.3	very high
Meredith	70/51	10	19.2	19.6	23.2	10.1	18	7.7	4.6	9	17.3	25.6	very high

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

Murdoch, used to be unique among non-network broadcasters with its reach of 20% of the nation. "Now there's a whole bunch out there who are close," points out media consultant Tony Hoffman, citing Taft, Tribune, Gannett, Westinghouse, Storer and Murdoch.

TV stations used to be valued by Wall Street on a multiple of earnings or revenues. The new standard is cash flow. Says Charles Kadlec, who appraises stations for acquisition or sale: "Cash flow was a closely held secret among broadcasters. Then Wall Street figured it out." Before the end of the year, selling prices got as high as 16 times cash flow—the multiple in the $122 million sale of KMOX-TV in St. Louis to Viacom.

Viacom also acquired MTV and Showtime and wants to buy half of MGM studios from Ted Turner. It may well be a billion-dollar company this year—if it isn't taken over itself.

In the publishing group, newspapers fared better than magazines since they rely more heavily on local display and classified advertising. Still, Dow Jones, the publishing leader since 1978, dropped to second place behind Dun & Bradstreet.

Dow Jones' flagship *Wall Street Journal* faces increasing circulation challenges from national newspaper competitors, the *New York Times* and Gannett's *USA Today*. Both were also active acquisitors. The *New York Times* acquired 6 newspapers and 2 TV stations. Gannett bought big-city dailies in Detroit and Des Moines, 13 smaller daily and weekly papers and 5 TV stations.

D&B wound up atop both publishing and media services with a five-year ROE of 37.9% and 23.3% for the year. The reason: a number of profitable acquisitions since 1984. In addition, D&B's debt-rating arm, Moody's Investors Service, is riding high on the sea of junk bond paper issued in the last year.

In magazines, the national advertising decline caused a 3.3% downturn in total ad pages. Still, Time Inc.'s return on equity exceeded its five-year average. McGraw-Hill's ROE was also above 20%. No wonder the slight slippage didn't frighten buyers and takeover artists.

Demographics are working in favor of publishers like Macmillan and Harcourt Brace Jovanovich. The second generation of the post-World War II baby boom is now in one of the principal textbook markets, elementary school. McGraw-Hill, which concentrates more on college textbooks, won't benefit as much until later. ■

Communications media

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Times Mirror	57/67	11	18.6%	20.5%	35.1%	9.2%	13	10.6%	5.0%	15	9.6%	13.1%	high
American Greetings	•/•	12	17.5	18.1	26.5	8.0	2	17.5	9.3	4	21.7	15.3	very high
Media General	44/73	13	17.0	12.0	39.1	6.0	6	14.6	5.7	14	9.8	–11.8	very high
RR Donnelley	•/•	14	16.9	17.9	1.8	7.3	8	13.1	15.2	11	15.9	12.0	very high
Knight-Ridder	89/NA	15	16.2	15.5	8.4	8.0	12	10.8	6.0	16	9.0	6.3	very high
Pittway	25/35	16	16.2	12.6	4.6	5.6	11	11.5	10.2	18	4.8	–3.2	low
Scott & Fetzer	38/28	17	15.8	15.3	13.7	5.5	19	–0.3	–1.7	17	7.8	–5.9	average
Harcourt Brace	67/61	18	13.7	19.5	60.5	5.0	17	9.1	26.7	20	–0.7	20.9	very low
Tribune	65/71	19	11.7	14.4	29.6	6.2	16	9.5	11.2	19	–0.4	14.8	very low
Macmillan	71/82	20	11.6	20.3	46.3	6.8	20	–2.6	24.5	1	50.7‡	17.2	very high
Medians			18.9	19.8	15.9	8.3		12.0	11.2		16.6	14.0	
Broadcasting													
Capital Cities	37/51	1	21.8%	18.9%	29.3%	13.9%	2	17.6%	12.8%	3	17.2%	7.2%	very high
Time Inc.	40/45	2	19.7††	20.0	36.1	6.5	3	16.1	11.1	1	44.7‡‡	15.3	very high
Meredith	24/50	3	19.2	19.6	23.2	10.1	5	7.7	4.6	2	17.3	25.6	very high
Amer Broadcasting	89/•	4	16.5	12.9	10.4	5.3	4	11.7	–9.7	4	3.1	–9.1	low
CBS	55/80	5	13.7	0.3	23.9	0.2	7	5.1	–4.0	5	–3.1	–98.0	very low
RCA	23/35	6	8.7	16.9	60.2	4.1	6	5.6	–6.2		NM	82.9	NM
Storer Communications	•/•	7	2.0	def	263.7	4.4	1	27.8	12.5		NM	D–D	NM
Medians			16.5	16.9	29.3	5.3		11.7	4.6		3.1	7.2	
Media services													
Dun & Bradstreet	36/26	1	37.9%	23.3%	0.0%	10.9%	2	16.9%	14.8%	1	28.8%	–44.5%	high
John Blair & Co	88/70	2	18.4	def	235.9	def	1	30.6	35.4	3	0.7	P–D	very low
Interpublic Group	•/•	3	17.7	18.3	6.7	5.0	4	11.7	4.0	2	4.7	–0.7	low
JWT Group	•/•	4	12.4	14.0	18.9	3.0	3	13.2	8.1	4	–8.7	–25.2	very low
Medians			18.1	16.2	12.8	4.0		15.1	11.5		2.7	–34.9	
Industry medians			18.4	18.9	23.2	7.3		12.5	11.1		13.0	7.2	
All-industry medians			13.7	12.7	36.6	3.8		6.9	4.3		0.3	–6.0	

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

COMPUTERS AND ELECTRONICS

Recession-proof? There's no such thing. Just ask the computer and semiconductor people.

By Francesca Lunzer

THE COMPUTER SLUMP spared almost no one: Virtually every computer company on our list showed earnings drops in 1985. Hewlett-Packard had its first down year in a decade. Wang Laboratories took a $109 million loss, the first in ten years as well.

Didn't anybody do well? Telex Corp., maker of IBM-compatible terminals and peripheral equipment, had a 52% sales gain and a 49% earnings gain, against 6.2% and a drop of 24.6%, respectively, for the industry overall. But that included full-year results of Raytheon's terminal and word processing businesses, acquired in August 1984.

The volatile semiconductor industry suffered whiplash. "A disaster," says Drew Peck, Gartner Group senior analyst. "An awful year," says Norman Neurighter, a Texas Instruments vice president.

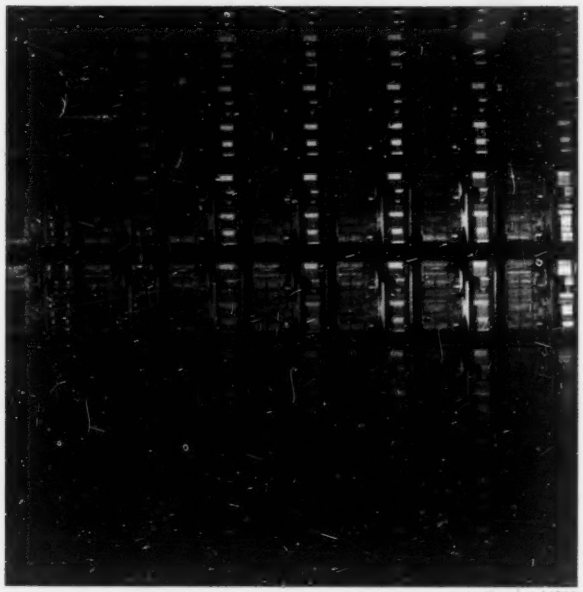
All but two of the chipmakers on our list had steep drops in sales. One of the exceptions was top-flight Motorola, whose microprocessors so far are virtually untouched by the Japanese. The other was Schlumberger; its Fairchild Semiconductor bled red ink, but it fortunately accounts

Computers and electronics

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Computers													
Apple Computer	•/•	1	63.8%	12.9%	0.0%	3.2%	1	99.8%	26.6%	2	59.2%	–5.7%	high
Tandy	NA/NA	2	40.1	19.3	41.7	6.6	12	18.7	5.3	6	29.3	–16.2	very high
Prime Computer	•/•	3	33.2	17.0	4.7	7.5	5	30.7	18.8	9	16.6	0.0	average
Telex	86/•	4	29.5	32.4	61.0	9.6	7	28.1	52.0	1	97.3	49.0	very high
Wang Laboratories	•/•	5	29.0	def	53.4	def	4	45.0	1.4	4	37.2	P–D	very high
Computervision	•/•	6	28.0	def	54.7	def	6	29.9	–3.2	8	16.7	P–D	high
IBM	83/NA	7	24.7	22.8	12.3	12.8	14	15.1	6.9	10	15.8	–4.1	very high
Hewlett-Packard	52/42	8	20.4	13.8	2.3	7.5	11	19.1	7.6	7	21.9	–26.3	very high

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ††Three-year average. For further explanation, see page 56.



Courtesy of AT&T

for less than 40% of the profitable parent's sales.

There's still excess capacity in semiconductors, aggravated, of course, by the Japanese, who now practically own the lucrative 64K memory chip. That was a gold mine for U.S. semiconductor companies before 1985. Now all the Americans have pulled out except for Micron Technology and TI.

One hope for U.S. chipmakers, says Peck, is the application-specific integrated circuit (ASIC). These profitable chips should account for 15% to 20% of the semiconductor market in 1986 (up as much as 8% from 1985). They are designed by customers and custom-produced by the semiconductor companies.

Fortunately, some electronic equipment companies have other businesses. Otherwise they would have been dragged down by the semiconductor companies, for whom they make manufacturing and testing equipment.

For example, Perkin-Elmer, which registered 5.4% earnings growth, has only 24% of sales in semiconductor processing equipment; the rest is in scientific instruments and superminicomputers. Sanders Associates and EG&G are government contractors.

		Profitability					**Growth**					
		Return on equity					**Sales**			**Earnings per share**		
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Tandem Computers	•/•	9	19.3%	8.9%	4.6%	5.5%	3	56.7%	17.2%	5	35.5%	–21.2%	very high
SCI Systems	•/•	10	18.2	15.7	79.6	2.6	2	61.9	15.2	3	41.8	7.3	very high
Harris Corp	35/25	11	15.2	8.0	21.9	2.9	17	11.9	12.3	16	–6.8	–22.8	low
NCR	89/NA	12	14.7	14.6	10.8	7.3	22	5.6	5.4	12	7.3	–3.8	average
Digital Equipment	•/•	13	14.3	8.5	18.4	5.5	8	24.3	12.8	13	4.5	–21.9	very low
General Instrument	24/FD	14	13.9	def	5.8	def	21	5.7	–8.0		NM	P–D	NM
Honeywell	30/31	15	13.0	8.0	28.0	2.9	20	6.9	5.7	15	–2.7	–35.6	low
Datapoint	•/•	16	12.0	def	31.3	def	10	20.7	–13.4	20	–21.2	P–D	low
Data General	•/•	17	11.6	3.8	22.7	2.0	13	15.2	6.7	17	–6.9	–70.1	very low

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ††Three-year average. For further explanation, see page 56.

Our list shows an earnings drop of 17.9% for electronic equipment companies in 1985. Penn Central's 486.5% earnings growth, however, is well above the industry median. About a third of Penn Central's earnings now are in high-tech equipment, but most of that enormous jump came from a one-time $200 million charge to earnings in the last quarter of 1983.

What about this year for electronic equipment? Most analysts are pessimistic. Says Stephen Balog of Prudential-Bache: "Maybe somewhere out there in the third quarter of 1986 we'll start to see some equipment orders come back." ■

Computers and electronics

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Sperry	49/59	18	9.4%	1.1%	29.6%	0.5%	23	1.3%	13.6%	18	–12.0%	–88.9%	average
Control Data	74/41	19	8.7	def	301.8	def	18	8.3	1.8	19	–18.5	P–D	low
Zenith Electronics	27/NA	20	8.0	0.1	38.9	0.0	19	8.0	1.7		NM	–99.3	NM
Gould	29/26	21	7.9	def	29.6	def	24	–9.6	–11.3	21	–30.3	P–D	high
Amdahl	●/●	22	7.8	7.4	34.0	3.7	9	21.7	7.1	11	9.2	–15.0	low
Burroughs	●/●	23	7.1	9.9	32.3	4.6	15	12.6	4.3	14	1.2	–3.3	very low
Storage Technology	●/DD	24	def	def	NM	def	16	11.9	–25.7		NM	D–D	NM
Medians			**14.5**	**8.0**	**29.6**	**2.9**		**17.0**	**6.2**		**5.9**	**–24.6**	
Electronic equipment													
EG&G	28/36	1	28.6%	35.2%	10.2%	4.7%	6	15.0%	11.2%	3	18.3%	9.4%	very high
AMP	●/●	2	23.3	13.7	3.0	7.7	11	11.3	–9.0	5	9.2	–39.1	high
Hewlett-Packard	40/53	3	20.4	13.8	2.3	7.5	4	19.1	7.6	2	21.9	–26.3	very high
Raytheon	56/79	4	20.3	18.8	4.3	5.9	15	8.5	1.0	11	–1.0	63.9	very low
Sanders Associates	35/70	5	18.2	11.6	5.3	4.2	2	33.2	18.7	4	14.3	–14.7	very high
Pitney Bowes	89/●	6	18.0	20.8	21.2	8.2	12	10.2	5.4	6	9.0	9.2	average
Tyler	38/26	7	16.5	10.8	88.4	2.3	7	14.1	–18.8	9	2.2	–38.4	very low
M/A-Com	35/47	8	16.4	9.3	29.1	4.7	1	38.1	9.9	7	7.6	2.2	low
Perkin-Elmer	52/58	9	15.9	13.2	12.2	6.0	16	7.0	7.8	14	–1.5	5.4	very low
Tektronix	■/●	10	15.4	9.3	10.8	5.4	13	10.1	4.5	10	0.0	–40.6	very low
General Signal	47/60	11	14.4	11.5	10.7	5.8	20	4.4	2.2	13	–1.2	–2.2	very low
Bairnco	27/31	12	14.3	15.2	51.6	4.5	3	32.6	10.1	1	31.4	–3.4	very high
General Instrument	34/DD	13	13.9	def	5.8	def	18	5.7	–8.0		NM	P–D	NM
Insilco	34/34	14	13.4	10.6	51.8	3.6	19	4.5	6.6	12	–1.1	–11.1	very low
North Amer Philips	45/60	15	13.1	9.7	50.8	2.2	9	12.3	2.9	8	5.8	–23.9	low
Honeywell	43/48	16	13.0	8.0	28.0	2.9	17	6.9	5.7	15	–2.7	–36.6	low
Sun Chemical	19/11	17	12.8	10.7	96.2	2.2	8	13.2	1.1	17	–18.1	70.1	low
Xerox	71/●	18	12.2	4.3	35.5	2.6	22	3.4	0.4	18	–20.2	–40.0	high
American District	●/●	19	11.7	6.5	15.5	2.6	14	9.3	7.8	16	–3.1	3.9	very low
Varian Associates	77/75	20	10.8	6.1	10.1	2.7	10	11.6	4.7		NM	–56.3	NM
Penn Central	53/35	21	8.8	7.5	17.5	4.8	5	15.1	–1.1		NM	486.5	NM
Eaton	48/76	22	8.0	20.1	36.7	6.7	23	–1.6	9.0		NM	2.0	NM
Gould	41/48	23	7.9	def	29.6	def	26	–9.6	–11.3	19	–30.3	P–D	high
Nashua	62/63	24	4.0	11.9	37.9	2.5	24	–2.1	2.6		NM	–21.0	NM
Oak Industries	●/DD	25	def	def	NE	def	21	3.6	–30.6		NM	D–D	NM
AM International	●/●	26	def††	NE	21.2	1.8	25	–7.4	2.2		NM	–69.7	NM
Medians			**13.7**	**10.7**	**19.4**	**3.9**		**9.7**	**3.7**		**–1.4**	**–17.9**	
Semiconductors													
Schlumberger	39/12	1	30.6%	15.1%	13.8%	16.8%	7	9.0%	6.2%	3	9.4%	–10.7%	average
Advanced Micro	●/●	2	25.1	8.5	9.9	5.6	1	30.2	–14.3	1	37.4	–69.9	average
Avnet	75/77	3	16.7	5.8	17.6	2.5	9	5.5	–15.9	5	3.1	–58.7	very low
Motorola	38/63	4	15.8	6.8	23.3	2.8	5	14.4	3.1	2	10.1	–61.0	average
Intel	●/●	5	15.3	2.9	10.8	2.7	3	16.8	–5.3	4	9.2	–82.3	very low
General Instrument	28/PD	6	13.9	def	5.8	def	8	5.7	–8.0		NM	P–D	NM
Natl Semiconductor	64/76	7	11.7	def	33.2	def	4	14.7	–4.0		NM	P–D	NM
Texas Instruments	45/78	8	11.6	def	24.7	def	6	9.8	–5.3		NM	P–D	NM
Arrow Electronics	●/●	9	9.1	def	215.7	def	2	21.2	–22.3		NM	P–D	NM
Medians			**15.3**	**2.9**	**17.6**	**2.5**		**14.4**	**–5.3**		**3.1**	**–82.3**	
Industry medians			**14.3**	**8.5**	**22.7**	**2.9**		**11.9**	**4.3**		**–1.0**	**–26.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

●90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful ††Three-year average For further explanation, see page 56

CONSTRUCTION

What happened to the housing boom that was supposed to occur when interest rates dropped below 13%?

Holly Kuper

By Mary Kuntz

REMEMBER A FEW YEARS AGO when mortgage rates were 18% and the housing industry used to talk about 13% as the "magic number"? Below 13%, said the builders, pent-up demand would get housing starts going like—well, like a house afire.

Well, mortgage rates were below the magic number for most of 1985, and the big explosion never happened.

Total starts for the year, 1.725 million, wasn't bad. But it was a big disappointment for believers in magic. It was below 1984 (when rates were 13% to 15%) and far below the 2 million of 1978.

What happened? One reason could be psychological. As long as rates keep falling, home buyers will hold off, hoping to get a better deal.

Also, with foreclosures up and with such mortgage debacles as Pacific American Insurance and Epic, lending standards tightened last year for all mortgages.

Finally, fear of tax reform spurred a rash of apartment

Construction

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Residential builders													
Pulte Home	●/●	1	26.5%	13.8%	16.0%	3.0%	1	27.1%	–13.4%	2	17.4%	–2.3%	low
Fleetwood Enterprises	38/22	2	14.2	21.0	0.0	4.0	2	15.3	–11.5	1	194.2‡‡	–16.4	very high
Centex	45/54	3	12.4††	14.3	21.1	3.3	4	3.5	5.9	4	6.4	–7.6	very low
Ryan Homes	●/●	4	9.8	15.5	14.4	3.8	3	5.4	–5.2	6	–7.0	60.6	very low
Skyline	67/DP	5	6.0	7.4	0.0	2.8	7	–2.8	–14.6	5	–5.6	14.3	low
Del E Webb	63/81	6	5.5	13.0	67.1	5.1	8	–4.2	–32.3	3	9.9	29.3	low
US Home	●/DD	7	5.4	def	100.7	def	6	2.5	–13.7		NM	D–D	NM
Kaufman & Broad	60/58	8	4.7	14.5	82.4	4.7	5	3.3	33.5		NM	72.1	NM
Medians			**7.9**	**14.1**	**18.6**	**3.6**		**3.4**	**–12.5**		**0.4**	**6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ††Three-year average. ‡‡Three-year growth.
For further explanation, see page 56.

house tax shelter deals aimed at getting in under the wire.

Considering the dismal condition of the construction industry at the beginning of the decade, perhaps the news at midpoint isn't all that bad. But there are definite signs that could signal another down cycle:

- The commercial vacancy rate is over 18%, according to the Coldwell Banker Office Vacancy Index. Salomon Brothers analyst Barbara Alexander expects it to reach a dizzying 20% in 1986.
- Commercial and industrial building starts ran just over a billion square feet in 1985, still below the 1979 peak of 1.1 billion. Commercial builders' margins were hammered to 1.1%, and return on equity to 6.1%, less than half the five-year median average.

Success under these conditions means being in the right place at the right time—more important, not being in the wrong place.

Take U.S. Home, the nation's largest home builder. It's still reeling from the collapse of once-booming markets in its hometown of Houston, as well as Denver, New Orleans, Oklahoma City and Tulsa. "It's all oil and gas related," laments George Matters, chairman and chief executive. At year-end U.S. Home was hovering around the break-even point, but that was better than 1984, when it lost $1.27 a share.

Even Pulte, the industry leader for the third year in a row, didn't have 20/20 foresight. Pulte pulled out of its depressed home market of Detroit just before one of the hottest housing comebacks of the year.

Builders tied to the energy field sustained the worst hits. CBI Industries took a $153 million writedown. Backlogs at Foster continued to fall. Fluor had to raise cash through a $500 million sale-leaseback arrangement on its Texas and California facilities in order to pay down debt.

Who did well? Centex, which appears on both residential and commercial lists, was the only commercial builder last year whose return on equity was much above its average for the last three years—and that was mainly because of its home building.

The best commercial opportunities this year will probably lie in specialized markets—small industrial buildings, military installations and commercial rehabs. Industry leader Turner Corp., for example, has a division specializing in medical buildings.

What about the building suppliers? Overcapacity and low margins. Weyerhaeuser estimates North American

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Commercial builders													
Turner	•/•	1	25.7%	16.5%	24.6%	0.5%	12	2.2%	17.7%	2	20.0%	–15.5%	very high
Dover	35/29	2	24.0	16.8	13.1	6.5	1	11.7	21.9	4	8.8	–5.4	average
Blount	70/76	3	20.3	10.8	203.5	1.4	6	8.4	15.8	1	21.8	–45.7	high
Foster Wheeler	44/DP	4	17.7	8.6	12.0	2.7	15	–3.2	–11.8	10	–7.2	–3.0	average
CBI Industries	74/42	5	17.0	def	48.7	def	5	8.6	32.1	12	–9.5	P–D	low
Halliburton	28/ 1	6	16.4	1.2	14.2	0.8	16	–4.3	–8.9	8	–6.3	–87.7	very low
United Technologies	33/26	7	16.2	6.6	28.3	2.0	3	10.4	–4.3	5	6.4	–58.6	average
Enserch	24/ 2	8	16.0	0.3	67.9	0.8	4	9.6	–5.9	11	–9.5	–95.7	low
Trinity Industries	52/DD	8	16.0	def	78.0	def	18	–8.1	10.7		NM	D–D	NM
Dynalectron	55/21	10	16.0	11.7	22.1	1.9	2	10.5	6.8	3	16.6	28.6	low
American Standard	36/33	11	14.7	12.6	44.6	3.5	13	1.8	10.2	14	–17.9	20.7	average
Morrison-Knudsen	77/45	12	14.7	11.6	12.3	2.1	7	8.1	–0.7	7	5.8	2.2	very high
Fischbach	•/•	13	14.6	def	14.9	def	9	6.8	–14.8	9	–6.7	P–D	very low
Fluor	72/81	14	12.8	def	42.7	def	10	4.5	–11.1	15	–61.1	D–D	average
Centex	42/10	15	12.4††	14.3	21.1	3.3	11	3.5	5.9	6	6.4	–7.6	very low
Perini	89/DD	16	11.4	def	30.8	def	8	7.4	–0.6	13	–12.4	P–D	very low
Butler Manufacturing	83/NM	17	5.3	5.5	27.0	1.6	14	–1.7	20.4		NM	D–P	NM
Dravo	43/DD	18	def	def	29.4	def	17	–5.5	5.8		NM	D–D	NM
Medians			**16.0**	**6.1**	**27.7**	**1.1**		**5.7**	**5.9**		**–7.0**	**–58.6**	
Cement and gypsum													
USG	50/86	1	14.0%	24.6%	31.5%	8.4%	3	6.6%	16.7%	1	2.5%	20.6%	very low
National Gypsum	44/87	2	11.2	22.1	24.2	7.1	2	9.0	6.8	2	0.4	23.8	very low
Moore McCormack	53/64	3	8.7	4.9	87.6	3.8	7	–3.4	9.0	3	–27.2	–1.6	average
Lone Star Industries	•/85	4	6.9	14.9	67.5	9.1	4	3.5	–6.8		NM	114.6	NM
Gifford-Hill	•/•	5	6.2	0.1	93.4	0.1	5	–2.5	–1.2	4	–34.0	–98.8	average
Ideal Basic Inds	77/DP	6	1.1	def	117.6	def	6	–3.3	–17.6		NM	D–D	NM
Lafarge	89/•	7	def	0.3	85.8	0.4	1	12.3	2.2		NM	D–P	NM
Dravo	28/PD	8	def	def	29.4	def	8	–5.5	5.8		NM	D–D	NM
Medians			**6.6**	**2.6**	**76.7**	**2.1**		**0.5**	**4.0**		**–34.0**	**–1.6**	

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ††Three-year average. ‡‡Three-year growth.
For further explanation, see page 56.

lumber overcapacity at 15% to 20%, with no improvement in sight. This despite a string of mill shutdowns, including, at least temporarily, Weyerhaeuser's own Longview, Wash. operation, its biggest. Boise Cascade took an $88 million writeoff and sold its building products distribution facilities in Texas and Oklahoma.

The strong dollar opened the cement industry to floods of imports. Lone Star Industries, the biggest producer, first tried lobbying and Buy America appeals. When that didn't work, it decided to join them: In 1985 Lone Star became the nation's number one cement importer.

Lone Star stands next to last in profitability in its industry segment, and it's no surprise that USG and National Gypsum (whose management is trying a $1.1 billion leveraged buyout) are the leaders. Gypsum, alone among building commodities, has held its price, and sales were running 10% ahead of 1984 late in the year. Biggest question mark with both companies: asbestos liability suits.

The construction industry has hit some remarkable highs in the last ten years. It's also hit some record-breaking lows. The fact that it did neither in 1985 could be taken as a sign of health after pulling out of one of the worst slumps in building history.

But beware. . . . ■

Construction

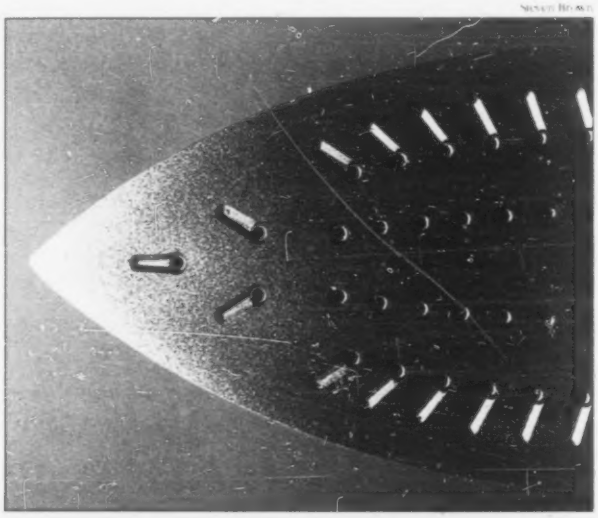
Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Lumber													
Willamette Inds	32/ 7	1	9.1%	15.4%	54.6%	5.7%	3	5.4%	2.7%	1	–12.6%	39.4%	very low
Potlatch	27/DP	2	7.3	6.9	47.4	4.5	6	3.7	–3.2	2	–14.1	–7.7	average
Weyerhaeuser	49/28	3	7.2	4.6	36.2	3.1	5	3.7	–0.5	3	–18.8	–43.2	average
Georgia-Pacific	66/63	4	6.3	1.2	62.2	0.7	1	5.9	–1.2	4	–24.1	–88.8	high
Boise Cascade	31/DP	5	6.0	3.8	74.5	1.6	4	4.9	–1.6	5	–27.3	–50.3	average
Champion Intl	35/ 5	6	4.3	def	76.8	0.2	2	5.5	39.0		NM	P–D	NM
Louisiana-Pacific	82/76	7	4.1	2.8	23.8	1.7	7	–2.0	–0.6		NM	–56.6	NM
Southwest Forest Inds	24/ 1	8	def	def	137.0	def	8	–2.1	–3.6		NM	P–D	NM
Medians			**6.2**	**3.3**	**58.4**	**1.7**		**4.3**	**–0.9**		**–25.7**	**–53.5**	
Other materials													
Carlisle	30/59	1	23.7%	16.3%	24.7%	5.9%	5	7.7%	0.1%	5	6.1%	–1.8%	low
Masco	84/●	2	19.7	16.9	51.9	14.2	4	7.9	–15.4	4	7.0	1.4	high
Vulcan Materials	45/77	3	17.6	14.9	15.3	7.7	13	4.5	3.8	12	–0.2	–3.5	very low
Tyler	22/41	4	16.5	10.8	88.4	2.3	2	14.1	–18.8	10	2.2	–38.4	very low
HH Robertson	●/82	5	16.5	def	18.3	def	16	2.8	9.9	17	–9.8	P–D	very low
Stanadyne	36/52	6	15.5	15.3	17.0	6.0	19	0.6	0.7	3	9.8	–18.0	low
American Standard	24/31	7	14.7	12.6	44.6	3.5	18	1.8	10.2	19	–17.9	20.7	average
Bairnco	72/68	8	14.3	15.2	51.6	4.5	1	32.6	10.1	1	31.4	–3.4	very high
USG	40/11	9	14.0	24.6	31.5	8.4	6	6.6	16.7	9	2.5	20.6	very low
PPG Industries	30/NA	10	13.8	15.6	24.3	7.2	8	6.0	3.9	8	3.1	2.5	very low
Insilco	38/33	11	13.4	10.6	51.8	3.6	12	4.5	6.6	13	–1.1	–11.1	very low
Harsco	25/13	12	12.1	14.2	29.1	4.8	21	–0.3	29.3	16	–7.2	54.5	low
DeSoto	77/78	13	12.0	12.7	36.8	3.7	14	2.9	6.1	2	13.6	–13.1	average
National Gypsum	32/10	14	11.2	22.1	24.2	7.1	3	9.0	6.8	11	0.4	23.8	very low
Ceco Industries	●/●	15	10.4	8.8	17.0	2.1	10	5.4	9.3	15	–5.6	17.4	average
Amsted Industries	37/43	16	9.6	7.9	0.0	4.2	26	–10.1	11.9		NM	20.2	NM
Armstrong World Inds	74/77	17	9.2	15.2	7.9	5.9	15	2.9	6.0	6	5.4	15.1	very low
Owens-Corning	82/68	18	8.9	14.3	26.6	3.9	9	5.9	3.1	7	3.5	5.2	very low
SCM	30/40	19	8.7	8.2	63.4	2.0	20	0.4	9.9	18	–10.3	–6.8	average
Jim Walter	32/19	20	7.6	13.6	111.6	4.9	17	2.4	1.5	14	–4.4	14.8	very low
Koppers	38/73	21	3.1	def	35.8	0.1	22	–2.5	3.2		NM	P–D	NM
Crane	●/●	22	1.9	14.6	65.6	3.1	27	–15.3	25.7		NM	D–P	NM
CertainTeed	●/●	23	1.8	13.0	26.5	5.1	11	5.2	–4.5		NM	56.5	NM
Manville	86/89	24	1.8	def	42.9	def	24	–6.0	4.1		NM	P–D	NM
GAF	50/12	25	def	25.1	33.9	7.2	25	–6.9	–1.2		NM	D–P	NM
Bird	79/DD	26	def	def	35.5	def	23	–4.0	–25.1		NM	D–D	NM
Temple-Inland	23/25		NA	11.2	31.7	7.2	7	6.6	–0.5		NA	NA	NA
Medians			**11.6**	**13.6**	**31.7**	**4.5**		**2.9**	**4.1**		**–2.8**	**–0.2**	
Industry medians			**11.2**	**10.8**	**31.7**	**3.1**		**3.7**	**3.1**		**–8.4**	**–7.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Three-year average. ‡Three-year growth.
For further explanation, see page 56.

CONSUMER PRODUCTS

The merger movement in consumer products is born more of desperation than of opportunity.



Consumer products

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Appliances													
Maytag	●/●	1	24.0%	31.1%	10.6%	10.5%	3	13.6%	7.4%	6	9.1%	14.4%	average
Emerson Electric	27/28	2	20.7	19.9	7.0	8.6	7	8.2	11.3	7	7.8	6.5	very high
Fuqua Industries	27/57	3	20.7†	17.9	114.0	3.7	21	−14.8	11.2		NM	−8.5	NM
General Electric	12/10	4	20.2	18.5	6.0	8.5	13	3.7	0.5	5	10.2	5.4	very high
Whirlpool	●/●	5	17.7	15.4	4.8	5.1	9	6.2	8.0	3	12.7	−10.5	very high
Pittway	40/33	6	16.2	12.6	4.6	5.6	5	11.5	10.2	9	4.8	−3.2	low
Stanley Works	37/41	7	14.0	16.6	16.7	6.3	12	4.4	6.9	10	1.6	7.5	very low
North Amer Philips	54/39	8	13.1	9.7	50.8	2.2	4	12.3	2.9	8	5.8	−23.9	low
Magic Chef	80/69	9	12.7	19.8	27.1	5.0	1	16.0	−5.6	1	36.4	−9.0	average
Roper Corp	89/●	10	11.1	def	58.2	def	11	5.5	−0.9	2	25.8	P–D	average
Arvin Industries	28/24	11	9.0	16.0	30.6	4.1	6	10.1	9.8	4	12.7	10.7	low
RCA	21/ 3	12	8.7	16.9	60.2	4.1	10	5.6	−6.2		NM	82.9	NM
Black & Decker	●/●	13	8.5	def	40.9	def	14	1.0	13.0		NM	P–D	NM
Hoover	●/●	14	8.3	17.1	5.8	4.8	17	−3.6	−1.1		NM	−3.7	NM
Zenith Electronics	61/NA	15	8.0	0.1	38.9	0.0	8	8.0	1.7		NM	−99.3	NM
Singer	38/32	16	6.9	19.3	66.8	3.0	16	−1.8	−2.5		NM	90.4	NM
White Consolidated	85/●	17	5.5	def	37.6	def	15	−1.0	−9.5		NM	P–D	NM
Allegheny International	65/55	18	4.1	def	92.6	def	2	14.6	−12.3		NM	P–D	NM
Talley Industries	41/20	19	def	11.0	64.6	3.6	19	−8.3	13.3		NM	13.6	NM
Toro	51/NA	20	def	18.7	35.6	3.9	18	−8.1	20.2		NM	70.4	NM
American Hoist	28/PD	21	def	def	74.6	def	20	−10.8	10.6		NM	D–D	NM
Medians			**9.0**	**16.0**	**37.6**	**3.9**		**5.5**	**6.9**		**NM**	**−3.7**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four-year average ‡Four-year growth For further explanation, see page 56

By Jeff Bloch

THESE DAYS, THINK OF CONSUMER PRODUCTS as if they were oil wells. Why go wildcatting when it's cheaper to buy reserves in the ground? Why risk millions of dollars trying to push a new product onto already crowded shelves and into showrooms when it's cheaper to acquire existing name brands?

That's the thinking that rules today in this business: Don't earn shelf space, buy it. And not only in food and soap products. The same mood seems prevalent in appliances. Take Whirlpool's proposed $150 million acquisition of KitchenAid, a merger tied up in the courts on antitrust grounds by competitors White Consolidated Industries and Magic Chef. Those companies themselves have spent the past few years acquiring such brands as Frigidaire, Toastmaster and Admiral.

Now General Electric plans to merge with RCA. If the merger goes through, look for yet more mergers in appliances and home electronics.

As in the appliance business, sales growth for household products is hardly exciting, so people are buying shelf space—even P&G. For example, P&G had 63% of the U.S. disposable diaper business three years ago, according to Hercules Segalas, Drexel Burnham Lambert senior vice president. By July the company's share of the $3.7 billion business had dropped to 45%, though in November it rose to 49½%, and Segalas predicts more recovery in 1986.

But for real growth, the master of new product introduction is buying instead of developing. Segalas figures P&G's $1.5 billion takeover of Richardson-Vicks and its household names like Vicks and Fixodent was worth the price. ■

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Home furnishings													
Rubbermaid	•/•	1	17.9%	21.8%	9.2%	8.6%	2	12.7%	11.2%	3	18.6%	16.7%	high
Shaw Industries	•/•	2	17.7	22.4	41.8	4.7	1	17.5	11.1	2	19.9	2.8	average
West Point-Pepperell	57/77	3	13.0	6.2	21.4	2.4	3	3.4	–9.7	5	10.6	–49.1	high
M Lowenstein	30/27	4	10.9	11.4	27.9	3.9	9	–0.9	–7.0	1	47.5‡	–23.4	very high
Corning Glass Works	23/DP	5	9.7	8.5	29.0	5.5	4	3.2	–0.6	7	–10.9	3.3	high
Springs Industries	48/69	6	8.8	3.5	8.9	1.7	5	2.8	–6.1	4	11.8	–62.7	very low
Burlington Inds	34/35	7	7.1	1.1	36.4	0.5	6	2.3	–11.6	6	–4.8	–79.8	very low
Fieldcrest Mills	•/•	8	7.0	2.5	46.9	0.8	8	1.6	–0.6	8	–23.8	–62.5	high
Mohasco	•/75	9	3.6	8.1	26.0	2.3	10	–2.2	6.4		NM	8.7	NM
Anchor Hocking	74/DD	10	3.0	def	27.8	def	11	–3.5	5.6		NM	P–D	NM
JP Stevens	33/29	11	2.3	def	61.7	def	7	2.0	–9.9		NM	P–D	NM
Medians			**8.8**	**6.2**	**27.9**	**2.3**		**2.3**	**–0.6**		**–4.8**	**–49.1**	
Household products													
Am Home Prods	32/17	1	34.2%	33.8%	1.9%	15.3%	3	6.6%	–7.6%	2	12.1%	6.9%	very high
Procter & Gamble	34/67	2	19.7	12.8	16.6	4.8	4	6.2	3.9	3	9.4	–21.8	very high
Clorox	88/•	3	19.1	19.6	8.0	8.3	1	12.1	9.0	1	16.0	13.0	high
Sterling Drug	32/NA	4	16.2	16.0	8.6	8.2	5	3.9	–3.0	4	4.5	5.6	very high
Economics Lab	•/•	5	12.4	18.4	28.8	5.5	2	8.0	6.6		NM	15.8	NM
Medians			**19.1**	**18.4**	**8.6**	**8.2**		**6.6**	**3.9**		**9.4**	**6.9**	
Personal products													
Bristol-Myers	24/22	1	23.3%	24.2%	4.8%	11.9%	4	8.3%	5.1%	1	14.3%	12.5%	very high
Chesebrough-Pond's	43/51	2	21.0	16.8	39.0	4.3	3	8.8	38.6	6	5.5	–3.2	average
Shaklee	87/•	3	20.6	8.3	17.2	3.2	5	8.0	–11.6	7	1.3	–2.0	very low
Procter & Gamble	36/32	4	19.7	12.8	16.6	4.8	8	6.2	3.9	3	9.4	–21.8	very high
Avon Products	58/59	5	19.3	13.9	38.1	5.5	9	5.8	–5.5	13	–14.2	–10.7	very high
Gillette	87/•	6	19.2	20.0	56.0	6.8	12	1.4	2.8	5	6.7	–0.6	very high
Johnson & Johnson	42/34	7	19.2	20.3	7.7	9.4	6	7.6	4.5	4	7.1	30.0	high
Hillenbrand Inds	52/57	8	18.8	15.2	28.1	7.2	1	10.1	6.2	2	9.6	–3.2	very high
Schering-Plough	43/37	9	16.0	14.2	9.6	9.9	11	4.3	1.4	9	–4.0	6.4	average
Kimberly-Clark	74/63	10	14.7	16.9	34.4	6.8	2	9.4	11.5	10	–4.3	25.4	low
Colgate-Palmolive	68/54	11	13.4	4.2	22.9	1.1	13	0.6	–6.8	11	–5.7	–73.8	very low
Revlon	45/33	12	13.0	11.8	48.1	5.0	10	5.6	0.4	12	–11.6	0.3	high
Scott Paper	64/48	13	10.1	13.0	40.7	6.8	7	7.4	16.4	8	–3.2	20.2	very low
Medians			**19.2**	**14.2**	**28.1**	**6.8**		**7.4**	**3.9**		**1.3**	**–0.6**	
Industry medians			**13.1**	**14.1**	**28.5**	**4.8**		**5.6**	**3.4**		**1.5**	**–2.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

• 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four-year average ‡Four-year growth For further explanation, see page 56

DIVERSIFIED COMPANIES

Retributive justice: Twenty years ago these companies were buying everything in sight. Now they're targets themselves.

By Laura Jereski

EVEN AS NEW CONGLOMERATES are born from today's megamergers, old ones are disappearing. Chances are, one-fourth of the diversified companies on the lists below won't be back next year, and half the survivors won't look the same.

Multicompanies and conglomerates are fast dumping what they acquired in the heady days when Harold Geneen was supposed to inherit the earth. In 1981 we counted 73 conglomerates, or multi-industry companies. This year our list has a trim 41.

Many were snapped up by LBO and takeover. But most left intact, going back to concentrate on one or two major industries. You'll find Sybron and Corning Glass Works, for example, in health care now.

For some, it has worked well and vindicated Wall Street's knee-jerk enthusiasm for "restructuring." But that's been when the core business is solid and the company is well managed. Martin Marietta, for example, is returning to aerospace and electronics. That may pay off if it gets a piece of the Strategic Defense Initiative.

For many the choice was to slim down or to be taken over. About half these companies sold divisions last year, often in painful fashion. Olin took a $230 million aftertax hit when it shut down some chemical operations. TRW put on the block a group of businesses accounting for about 10% of sales, and the $170 million aftertax reserve it set up translated to more than half this year's earnings.

Writeoffs are one side of the divestiture picture; unearthing buried assets is the other side. Poorly performing divisions, a drag on earnings, can often be sold for book

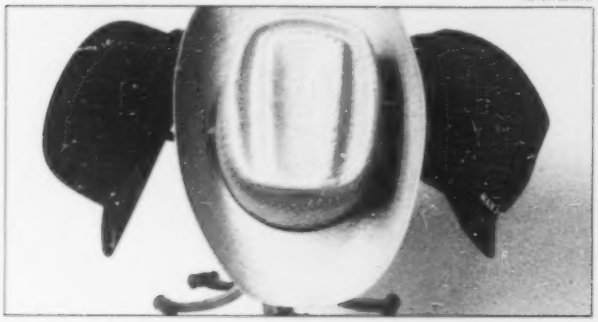
Diversified companies

Yardsticks of management performance

	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Multicompanies												
Dover	1	24.0%	16.8%	13.1%	6.5%	2	11.7%	21.9%	4	8.8%	–5.4%	average
American Brands	2	21.1	18.6	31.8	9.1	12	2.8	0.2	8	2.1	–1.0	average
General Electric	3	20.2	18.5	6.0	8.5	11	3.7	0.5	2	10.2	5.4	very high
Minn Mining & Mfg	4	20.1	18.1	8.7	8.8	6	6.5	2.4	9	1.3	–5.0	low
IU International	5	18.8	def	119.8	def	18	–1.7	5.9	18	–33.7	P–D	low
Westinghouse Electric	6	16.1	15.5	15.2	5.6	7	6.1	4.0	5	7.4	13.8	high
Borg-Warner	7	13.1	10.8	14.7	4.4	5	8.4	0.8	6	6.2	–15.4	average
Household International	8	12.0	13.6	236.0	2.6	3	9.1	5.3	7	4.7	–4.6	low
Interco	9	10.9	5.9	18.3	2.5	9	4.8	–7.4	13	–8.4	–42.8	average
ITT	10	10.6	6.9	42.9	3.4	21	–6.9	–14.2	11	–5.1	–9.7	very low
FMC	11	10.5	5.5	30.4	1.0	16	0.3	–10.4	15	–15.8	–70.8	low
Martin Marietta	12	9.7	37.8	55.4	5.4	1	13.7	–1.5		NM	D–P	NM
Union Carbide	13	8.9	def	48.0	def	17	–0.7	–4.5	17	–25.1	P–D	average
Textron	14	8.8	14.7	16.0	3.3	19	–2.1	80.7	12	–6.4	84.5	low
SCM	15	8.7	8.2	63.4	2.0	15	0.4	9.9	14	–10.3	–6.8	average
RCA	16	8.7	16.9	60.2	4.1	8	5.6	–6.2		NM	82.9	NM
Olin	17	8.7	def	42.6	def	14	2.3	–9.6	3	8.9	P–D	low
Berkshire Hathaway	18	8.4	7.0	10.0	11.0	4	8.7	26.0	1	15.0	11.8	high
National Distillers	19	8.2	4.8	30.4	2.7	10	4.6	–33.0	16	–19.3	–29.7	high
Jim Walter	20	7.6	13.6	111.6	4.9	13	2.4	1.5	10	–4.4	14.8	very low
Koppers	21	3.1	def	35.8	0.1	20	–2.5	3.2		NM	P–D	NM
Medians		**10.5**	**10.8**	**31.8**	**3.4**		**3.7**	**0.8**		**–5.1**	**–6.1**	

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NM: Not meaningful. †Four-year average. For further explanation, see page 56

Steven Brown



value or even higher. A year ago Goldman, Sachs' Jack Kelly started calculating price/book ratios. SCM, whose stock was then the second cheapest on the list, was selling for 42⅝; an unsolicited bid from Hanson Trust Plc. drove the price of this unprepossessing company to around 70—more accurately reflecting its asset value.

It takes a brave company to sit on cash today. After Litton repurchased 15 million of its 42 million shares with debt, it was nearly alone among these companies left with a strong cash position ($1.5 billion). Who wants cash when it can be used against you?

But even paring down doesn't necessarily stifle the smell of blood when, as with IU International, depreciation makes up such a large part of cash flow, the lifeblood of leveraged deals. Or when the stock price is chronically low, as with Interco, Koppers and Chromalloy American.

After all, it's one thing to buy into Lear Siegler (recent price, 48½; by Merrill Lynch's Carol Neves, breakup estimate, 60) or Litton (79⅛; 125)—at worst, you'll still get above-average returns and positive earnings. But what about some of the others? With Whittaker, the perceived value isn't in the core health care business but in sidelines—along with $11 a share in cash and another $1.50 from the pension fund.

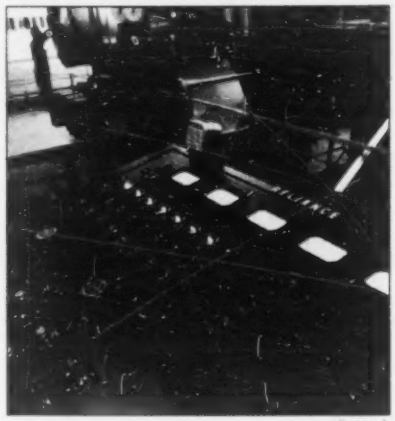
Or Koppers, whose price isn't close to book of $18.64, but whose breakup value (according to Jeffrey Klein of Kidder, Peabody) is $20. That's mainly because of an overfunded pension fund, a LIFO reserve and such underpublicized assets as timberlands, an office building and venture capital investments worth some $8 to $13 a share. As Merrill Lynch's Jack Kavanagh says, "People are taking passes at some of the funniest-looking companies." ■

	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Conglomerates												
Litton Industries	1	22.9%	15.2%	158.3%	6.5%	12	2.6%	–0.3%	3	5.4%	–0.7%	low
Teledyne	2	21.3	24.6	92.4	8.6	11	3.5	–3.4	4	3.1	33.6	very low
Fuqua Industries	3	20.7†	17.9	114.0	3.7	20	–14.8	11.2		NM	–8.5	NM
Raytheon	4	20.3	18.8	4.3	5.9	5	8.5	1.0	8	–1.0	63.9	very low
Lear Siegler	5	19.7	15.9	44.2	4.0	7	5.7	11.6	7	0.3	2.2	very low
Whittaker	6	17.5	8.4	40.2	2.4	8	5.5	–22.2	11	–5.2	–41.9	low
TRW	7	16.7	4.6	14.6	1.4	9	4.9	2.4	6	0.6	–69.4	very low
United Technologies	8	16.2	6.6	28.3	2.0	4	10.4	–4.3	2	6.4	–58.6	average
Scott & Fetzer	9	15.8	15.3	13.7	5.5	14	–0.3	–1.7	1	7.8	–5.9	average
Figgie International	10	14.8	13.6	74.6	3.2	15	–0.7	8.5	5	2.7	27.2	very low
WR Grace	11	13.8	7.1	68.6	2.3	10	3.5	6.4	12	–8.5	–20.3	low
Kidde	12	13.7	12.0	73.5	3.2	16	–1.8	5.0	9	–3.1	3.8	low
Ogden	13	12.8	8.4	88.6	2.3	17	–2.8	–38.1	13	–15.2	–29.4	high
Allied-Signal	14	12.7	14.0	45.7	4.8	1	19.6	–5.9		NM	301.7	NM
Gulf & Western Inds	15	9.3	12.6	49.7	14.0	18	–5.9	–59.9		NM	–7.3	NM
Penn Central	16	8.8	7.5	17.5	4.8	2	15.1	–1.1		NM	486.5	NM
IC Industries	17	8.6	7.9	92.2	2.8	13	0.6	12.9	10	–3.9	–33.8	very low
Allegheny International	18	4.1	def	92.6	def	3	14.6	–12.3		NM	P–D	NM
Amfac	19	2.9	def	83.1	def	6	6.6	0.8		NM	D–D	NM
Chromalloy American	20	def	def	83.6	def	19	–12.5	–3.2		NM	D–D	NM
Medians		**14.3**	**10.2**	**71.1**	**3.2**		**3.5**	**–0.7**		**–4.6**	**–7.9**	
Industry medians		**12.7**	**10.8**	**44.2**	**3.3**		**3.5**	**0.5**		**–5.1**	**–7.1**	
All-industry medians		**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NM: Not meaningful. †Four year average. For further explanation, see page 56.

ELECTRICAL EQUIPMENT

Glamorous? No. Profitable? Yes.



Comstock

By John Hayes

THESE STEADY, UNGLAMOROUS COMPANIES have consistently outpaced the rest of U.S. industry in good times and bad.

Their profit margins exceeded the all-industry median for every one of the past six years. Not surprising that their stocks have outperformed the S&P's 400 since 1979.

This group includes some of the best management in U.S. industry, solid balance sheets and, until recently, not much foreign competition.

The question is, how long can any industry grow profits faster than sales, as these companies have done for two years? For an answer, take a look at some interesting departures from style last year.

Apart from General Electric/RCA, spectacular for its sheer size, take Emerson Electric's $375 million acquisition of Automatic Switch. The all-stock deal (which caused an 8% dilution) was the highest price Emerson had ever paid. It was also a departure from Emerson's classic buy-it-and-fix-it approach. Says Drexel Burnham Lambert's Nicholas Heymann: "This is an attempt to buy growth, rather than a turnaround situation."

Or take Cooper Industries' $1.1 billion takeover of McGraw-Edison. It raised Cooper's debt to more than 100% of equity, far above the previous 12%. That's almost unknown in this industry.

Still, says Kidder, Peabody's Robert McCoy, "it's perfect for Cooper in the short term. They wiped out a whole layer of management and overhead at McGraw, and, as a result, it's already contributing to earnings." Long term, though, McCoy isn't sure whether McGraw's mature, slow-growth businesses will continue to help that much.

Westinghouse, a perennial laggard in the Yardsticks, made big news, too, with a "restructuring" that sent its stock up 84% during the year. The company put its Group W cable operations on the block, hoping to get about $2 billion. It will use the money to help buy back 14% of its outstanding shares and perhaps to pay the writeoffs for scuttling weak operations like elevators and robotics. ■

Electrical equipment

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Emerson Electric	60/59	1	20.7%	19.9%	7.0%	8.6%	3	8.2%	11.3%	4	7.8%	6.5%	very high
General Electric	34/25	2	20.2	18.5	6.0	8.5	11	3.7	0.5	2	10.2	5.4	very high
Square D	80/●	3	19.5	16.3	30.9	6.6	2	8.5	2.2	10	–1.9	–15.4	very low
National Service	35/26	4	19.5	18.1	2.5	5.7	4	7.7	11.0	3	9.3	10.0	very high
Harvey Hubbell	●/●	5	17.4	17.8	1.0	9.1	9	3.9	8.7	6	7.2	11.6	high
WW Grainger	●/●	6	16.7	15.2	4.7	6.4	5	6.3	7.6	7	4.8	7.0	average
Westinghouse	NA/NA	7	16.1	15.5	15.2	5.6	6	6.1	4.0	5	7.4	13.8	high
Raychem	●/●	8	15.5	9.5	16.8	4.5	1	11.5	9.3	8	–1.0	–7.9	very low
General Signal	22/18	9	14.4	11.5	10.7	5.8	8	4.4	2.2	9	–1.2	–2.2	very low
Cooper Industries	39/49	10	14.4	9.6	12.6	4.6	7	5.1	34.3	11	–18.3	26.9	average
Robertshaw Controls	●/●	11	11.3	17.2	19.4	5.8	9	3.9	–1.2	1	16.7	–0.5	average
Midland-Ross	36/32	12	1.5	def	69.4	def	12	–3.7	–17.2		NM	P–D	NM
Industry medians			**16.4**	**15.9**	**11.7**	**5.8**		**5.6**	**5.8**		**6.0**	**6.0**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 56.

ELECTRIC UTILITIES

Price wars in the utility business? Is nothing sacred? Believe it: The free market is fast arriving.

Holly Kuper

By Catherine Yang

IT'S LIKE A THREAD IN A SWEATER. If you pull it, it's going to come undone," says Philip O'Connor, outgoing chairman of the Illinois Commerce Commission. O'Connor is talking about what the emerging free market in electric utilities may do to the established regulatory environment.

"We're seeing the tip of the iceberg of an unprecedented competitive environment," says Stanley Skinner, chief financial officer of Pacific Gas & Electric. "We have to posture ourselves to deal with it."

Many utilities have already felt the sting of competition. Wisconsin Electric Power Co. took away the city of Geneva, Ill. from Commonwealth Edison Co. in an agreement struck last year, after Commonwealth raised its rates. Archer-Daniels-Midland Co. in Decatur, Ill. opted to build its own power plant rather than take a rate hike from Illinois Power Co.'s Clinton nuclear plant.

Gulf States Utilities of Beaumont, Tex. figures it may lose up to 680 megawatts of existing sales, more than $20 million annually, over the next three years to nonutility companies that are generating their own electricity and, in some cases, selling it to other companies.

Behind it all is the historic blunder the utilities made pre-OPEC. Plant construction begun then, on assumptions of 7% annual demand growth, came into use when growth had fallen to 2%. Huge construction costs went into rate bases, driving up rates. Big users went looking for an alternative.

At the same time, the electric utilities were trying to peddle their surplus. Virtually all of them have some, says

Electric utilities

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Northeast													
New England Electric	●/●	1	16.4%	18.4%	153.2%	11.6%	20	9.6%	–3.6%	6	13.0%	10.7%	very high
United Illuminating	●/●	2	16.2	17.2	99.4	19.4	18	10.7	0.5	7	9.6	6.8	high
Commonwealth Energy	64/68	3	16.0	16.7	77.5	6.2	13	11.4	–3.6	4	14.0	–13.4	average
Long Island Lighting	81/●	4	14.4	16.8	93.5	24.2	9	12.5	5.4	17	4.7	23.3	very high
Northeast Utilities	89/●	4	14.4	18.9	161.9	14.4	3	13.7	0.7	1	19.8	2.9	very high
Central Hudson G&E	86/88	6	14.4	15.9	90.7	11.1	1	14.4	–2.5	13	6.0	–1.1	very high
Consolidated Edison	80/87	7	14.4	14.2	51.6	10.5	15	11.3	–2.5	3	16.2	–0.9	very high

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. P-D: Profit to deficit. NA: Not available.
For further explanation, see page 56.

Jerry Milbourn, director of the division of electric power application review at the Federal Energy Regulatory Commission (FERC).

Nationally, it amounts to a huge glut: roughly 5% of total U.S. capacity, or enough to light the entire state of New York.

Further, there is competition that was unheard of a few years ago. For example, from nonutilities such as cogenerators, which are not regulated. Utilities grumble that the 1978 Public Utilities Regulatory Policies Act (PURPA), which requires a utility to buy power from a nonutility, gives cogenerators an edge.

"We need a more level playing field," says Jeff Sterba, manager of strategic planning at Public Service Co. of New Mexico. "There should be no distinction between a cogenerator and a utility when it comes to selling power."

Or take industrial companies that generate their own electricity and sell the surplus. Says PG&E's Skinner: "We're willing to meet the challenge of competition, but we have to have the flexibility to set our own prices. We shouldn't have to go into the ring with both hands tied behind our backs."

The fact is, free-market forces now operate in wholesale electricity (retail distribution remains regulated). With the genie out of the bottle, the FERC, which regulates bulk power sales between utilities, is considering easing regulation of wholesale power.

Who would fare best in a totally free wholesale power

Electric utilities

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
NY State E&G	81/●	8	14.3%	14.6%	105.7%	17.0%	2	14.4%	12.2%	15	5.3%	–4.4%	high
Niagara Mohawk Pwr	76/89	9	14.2	14.2	85.1	14.0	6	13.1	–2.2	9	9.1	–10.7	very high
Public Service NH	● /●	10	14.1	11.2	81.3	30.2	16	11.2	–1.2	16	4.8	–17.4	average
Rochester G&E	60/79	11	14.1	16.7	96.9	15.1	4	13.7	–4.3	5	13.9	7.3	very high
Orange & Rockland	73/86	12	13.7	13.2	66.5	7.4	8	12.7	–3.8	11	6.6	–5.3	very high
Delmarva Power & Lt	83/●	13	13.2	15.4	80.6	13.4	19	9.7	2.9	8	9.1	1.9	high
Philadelphia Electric	81/●	14	12.8	14.3	99.7	17.1	12	11.7	2.8	10	7.3	–2.7	very high
Atlantic City Electric	● /●	15	12.7	11.7	78.8	9.9	5	13.3	7.6	14	5.5	–13.7	low
Boston Edison	● /●	16	12.6	14.8	105.4	7.5	14	11.3	–4.1	18	3.5	10.3	low
Public Service E&G	67/88	17	12.4	14.0	82.8	12.1	17	11.2	2.4	12	6.2	–2.5	average
Pennsylvania P&L	● /●	18	12.3	11.1	88.2	16.5	11	12.4	16.8	20	0.5	–11.0	very low
Central Maine Power	● /●	19	12.0	0.4	105.1	2.3	7	12.9	2.1	19	3.1	–97.7	low
General Public Utils	● /●	20	3.7	7.6	111.4	4.3	10	12.5	7.2	2	16.6	13.2	very low
Medians			**14.1**	**14.5**	**92.1**	**12.8**		**12.5**	**0.6**		**7.0**	**–1.8**	
Midwest													
Iowa-Illinois G&E	49/86	1	15.9%	15.6%	85.4%	11.1%	12	11.0%	–3.7%	9	9.9%	7.4%	very high
Kansas City P&L	● /●	2	15.9	18.9	106.2	28.3	19	8.9	–0.5	1	19.3	6.0	high
Kansas P&L	34/77	3	15.8	15.4	82.2	6.3	1	33.3	–11.2	5	11.8	–11.4	very high
Wisconsin P&L	73/●	4	15.8	16.4	72.7	10.7	15	10.2	–2.4	6	11.7	17.0	very high
No States Power	76/●	5	15.4	15.1	84.1	10.5	5	12.1	0.1	3	13.3	–5.8	very high
Illinois Power	63/79	6	15.1	14.7	89.0	19.6	7	11.9	–7.5	11	8.6	–12.8	high
Wisconsin Public Svc	62/●	7	14.8	15.3	53.4	8.5	8	11.7	–2.1	10	9.2	–3.7	very high
Cleveland Electric	● /●	8	14.7	16.5	92.8	24.7	20	8.9	3.7	7	10.7	–1.7	very high
Allegheny Power	● /●	9	14.7	13.8	119.9	9.3	9	11.7	4.8	8	10.3	–6.3	very high
Wisconsin Electric	76/●	10	14.6	15.6	58.7	11.1	13	11.0	–1.6	2	13.9	0.2	very high
Ipalco Enterprises	● /NA	11	14.6	13.2	106.5	14.9	24	7.0	1.7	18	4.6	–11.5	low
Iowa Resources	66/●	12	14.0	10.9	164.1	7.6	2	13.3	–5.0	19	4.5	–21.0	average
Commonwealth Ed	● /●	13	13.7	15.8	92.1	19.2	4	12.3	2.6	4	12.8	6.6	very high
Public Service Ind	● /●	14	13.3	3.5	70.5	8.8	21	8.6	–0.5	24	–13.6	–54.1	very low
Toledo Edison	● /●	15	13.2	19.7	104.2	29.8	22	8.4	36.5	12	8.2	30.6	very high
Central Ill Pub Svc	75/●	16	13.2	11.4	78.0	10.0	11	11.0	0.7	15	5.2	–4.7	average
Dayton Power & Lt	68/●	17	13.1	12.8	90.3	11.6	3	12.4	–1.6	16	5.1	11.5	low
Ohio Edison	● /●	18	13.0	15.3	132.8	20.9	14	11.0	6.4	13	7.9	–5.1	high
CilCorp	56/77	19	13.0	11.9	85.3	8.0	18	9.0	–9.4	14	6.1	–8.2	high
Cincinnati G&E	63/●	20	12.7	14.2	99.8	10.8	6	12.0	–2.5	21	2.0	15.5	very low
Duquesne Light	● /●	21	11.9	13.5	114.9	19.3	25	5.9	2.0	17	5.1	–5.2	average
American Electric	● /●	22	11.6	12.3	147.3	9.7	16	9.8	–0.5	22	1.8	–12.3	low
Detroit Edison	● /NA	23	11.5	13.6	118.1	15.7	23	8.0	12.4	20	3.8	3.2	average
Consumers Power	51/77	24	10.0	1.8	109.9	2.4	17	9.5	0.0	25	–13.7	P–D	average
No Indiana Pub Svc	49/85	25	8.7	6.8	94.3	5.4	10	11.3	–7.2	23	–1.8	–42.2	very low
Medians			**13.7**	**14.2**	**92.8**	**10.8**		**11.0**	**–0.5**		**7.9**	**–5.1**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. P-D: Profit to deficit. NA: Not available.
For further explanation, see page 56.

market? Mainly utilities with low-cost surpluses, such as Duke Power of Charlotte, N.C. Duke can offer highly competitive prices when its 1,145-megawatt Catawba 2 nuclear unit comes into operation later this year (the company started up an equally large unit last year).

Or Public Service of New Mexico, which will have up to 300 megawatts of cheap excess to sell from its share of the Palo Verde nuclear units. Others: The Southern Co. of Atlanta, American Electric Power Co. of Columbus.

All this may not affect utility earnings immediately, but, says Ernest Liu of Goldman, Sachs, "in the next two or three years, investors ought to be aware that the rules are changing." Clearly, this once cut-and-dried industry has to be looked at in a different way.

"Bondholders and credit-rating agencies still think of the quality of utility securities in terms of the ability to obtain traditional rate relief, when, in fact, the opposite is true," says regulator O'Connor. "Now the quality of a utility's security is enhanced by management's capacity to respond to competition."

How to do that? "Maintain flexibility," says William Berry, chairman of Richmond, Va.-based Dominion Resources. "Don't get involved in large construction programs that are hard to adjust. Position yourself to react quickly. Most important, be the low-cost producer."

That's ho-hum stuff to most any other industry, of course. But utility executives are just learning, some of them the hard way. Thomas Edison, meet Adam Smith. ■

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Southeast													
TECO Energy	●/●	1	15.2%	14.5%	99.0%	11.2%	12	9.5%	19.8%	6	7.8%	–4.4%	average
Southern Company	●/●	2	14.3	17.3	143.1	12.3	3	14.0	11.1	1	12.9	3.6	high
Duke Power	●/●	3	14.3	13.7	76.7	15.6	6	12.9	9.1	10	6.4	–3.1	high
Potomac Electric	●/●	4	14.1	17.4	88.9	13.8	10	10.2	10.5	2	11.8	9.4	very high
Baltimore G&E	68/89	5	13.7	14.6	78.9	13.6	7	11.3	–0.6	3	10.4	–7.3	very high
Middle South Utils	●/NA	6	13.3	14.1	169.3	15.8	8	10.3	1.6	12	5.4	–7.9	high
Scana	66/86	7	13.2	14.6	114.9	10.0	1	15.6	3.7	5	8.0	–6.3	high
Carolina Power & Lt	●/●	8	12.9	15.1	92.5	17.2	2	15.0	4.7	13	4.7	8.5	average
FPL Group	●/●	9	12.7	16.3	124.3	9.3	4	14.0	9.3	11	5.7	34.8	very high
Louisville G&E	64/●	10	12.6	14.0	86.0	10.9	5	13.1	1.1	8	7.0	2.4	average
Florida Progress	●/●	11	12.5	17.3	141.8	10.2	11	9.9	13.0	7	7.8	26.3	average
Kentucky Utilities	●/●	12	11.2	12.6	71.8	12.5	9	10.2	1.9	4	9.0	–7.8	average
Dominion Resources	●/NA	13	11.0	12.6	122.8	11.8	13	8.4	2.4	9	6.6	1.4	very high
Medians			**13.2**	**14.6**	**99.0**	**12.3**		**11.3**	**4.7**		**7.8**	**1.4**	
Southwest													
Southwestern Pub Svc	●/●	1	19.3%	20.9%	89.8%	14.2%	3	16.2%	3.2%	2	12.3%	5.8%	very high
Texas Utilities	●/●	2	16.0	15.5	93.0	13.9	2	17.4	6.4	3	10.0	0.5	very high
Central & South West	●/●	3	15.6	16.4	104.2	13.6	4	14.6	–1.4	4	8.3	1.1	very high
AZP Group	●/●	4	14.2	14.7	76.7	22.4	7	9.6	17.7	6	3.7	0.9	average
Gulf States Utils	●/NA	5	14.1	14.2	106.7	15.0	5	12.3	18.5	5	4.7	–3.5	average
Oklahoma G&E	●/●	6	13.6	12.4	79.1	10.0	6	11.8	4.4	1	13.8	–10.9	high
Houston Industries	87/NA	7	13.1	17.2	105.0	10.8	1	18.2	–3.1	7	1.7	13.5	very low
Medians			**14.2**	**15.5**	**93.0**	**13.9**		**14.6**	**4.4**		**8.3**	**0.9**	
Western													
So Calif Edison	●/●	1	15.1%	16.3%	82.8%	14.9%	8	11.6%	8.5%	3	10.3%	2.5%	high
Portland Genl Electric	●/●	2	15.0	12.9	85.2	18.0	7	12.5	18.8	2	19.4	–29.2	high
PacifiCorp	53/7	3	14.9	16.1	109.1	13.3	1	17.3	12.8	5	9.5	–4.5	high
San Diego G&E	82/89	4	14.7	15.9	81.2	11.2	2	17.0	8.6	1	19.5	–2.2	high
Pacific G&E	65/70	5	13.9	15.8	86.1	12.3	9	11.2	15.2	6	8.4	12.9	high
Montana Power	42/43	6	12.9	9.8	104.9	11.4	10	5.9	10.3	10	–2.3	3.1	very low
Public Service Colo	55/80	7	12.7	12.7	78.8	7.5	5	13.8	–0.3	4	9.5	–6.0	high
Utah Power & Light	●/●	8	12.0	10.5	89.1	12.1	6	13.0	11.0	8	1.0	–15.4	very low
Puget Sound P&L	●/●	9	11.8	13.2	98.4	17.9	3	16.6	9.4	9	–0.4	28.3	very low
Hawaiian Electric	●/●	10	10.3	11.6	117.6	5.7	4	14.1	–1.3	7	2.2	–4.9	very low
Medians			**13.4**	**13.1**	**87.6**	**12.2**		**13.4**	**9.9**		**9.0**	**–3.4**	
Industry medians			**13.7**	**14.6**	**92.8**	**12.1**		**11.7**	**2.0**		**7.8**	**–2.5**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

●90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit P/D: Profit to deficit
NA: Not available For further explanation, see page 56

FINANCIAL SERVICES

The market set records last year. How come brokers' earnings didn't do the same?

By Matthew Schifrin

IF YOU ASK our president if we're going public, he'll say, 'We're private, we like being private, and there's nothing that tells us we'd be happy as anything else,' " says a vice president of Smith Barney, Harris Upham & Co. True. (We called Smith Barney President George Vonder Linden, and that's exactly what he said.)

"When two vice presidents meet, though," the Smith Barney vice president goes on, "they ask, 'When are we selling out?' "

With Wall Street setting records and brokerage stocks up 35% since the beginning of the year, a lot of brokers are asking that question. In October 62-year-old Bear, Stearns went public, and others could follow this year.

Smith Barney comes to mind partly because it is already

Financial services

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Finance companies													
Student Loan	●/●	1	38.2%	29.3%	1440.9%	9.4%	2	49.2%	8.7%	2	64.5%	29.6%	very high
Equifax	●/●	2	21.4	20.1	26.2	3.3	6	8.3	11.8	3	11.2	1.2	high
Southmark	61/67	3	19.3	19.6	115.8	16.3	1	103.2	15.1	1	151.6‡	28.8	very high
American Express	68/●	4	18.0	15.3	83.3	4.8	3	21.9	22.1	4	1.8	61.5	low
Gulf & Western Inds	40/61	5	9.3	12.6	49.7	14.0	8	–5.9	–59.9		NM	–7.3	NM
Control Data	25/58	6	8.7	def	301.8	def	7	8.3	1.8	5	–18.5	P–D	low
Cigna	38/PD	7	6.6††	3.1	7.0	1.1	5	9.3	14.9		NM	60.3	NM
Beneficial Corp	41/●	8	4.4	9.0	399.3	4.0	9	–7.7	–13.6		NM	–18.2	NM
Fedl Natl Mortgage	●/DD	9	def	def	4342.2	def	4	16.9	13.9		NM	D–D	NM
Medians			**9.3**	**12.6**	**115.8**	**4.0**		**9.3**	**11.8**		**–18.5**	**1.2**	
Brokerage houses													
Phibro-Salomon	11/68	1	27.5%	11.9%	27.1%	1.1%	6	10.8%	–8.2%	3	–5.9%	–39.1%	very low
First Boston	●/●	2	27.1	22.0	42.3	4.9	2	38.0	30.6	1	31.0	36.8	average
EF Hutton Group	72/DP	3	24.0	8.7	72.9	2.1	3	28.0	29.1	4	–7.0	49.3	very low
Merrill Lynch	85/59	4	18.0	9.0	104.0	2.9	4	23.6	14.0	2	–5.5	500.0+	very low
Paine Webber Group	●/●	5	15.9	8.6	74.6	1.8	5	23.2	21.4	5	–7.2‡‡	120.8	very low
Bear Stearns Cos	●/●		NA	NA	0.0	5.6	1	58.0‡‡	NA		NA	NA	NA
Medians			**24.0**	**9.0**	**57.6**	**2.5**		**25.8**	**21.4**		**–5.9**	**49.3**	
Commodity traders													
Phibro-Salomon	88/31	1	27.5%	11.9%	27.1%	1.1%	1	10.8%	–8.2%	1	–5.9%	–39.1%	very low
Commercial Metals	70/29	2	11.6	7.3	27.1	0.9	4	–3.5	–13.0	2	–12.8	–5.3	high
Kay	73/35	3	8.9	16.0	178.6	0.8	3	–1.7	–21.8		NM	123.9	NM
Kaiser Aluminum	31/DP	4	2.4	def	104.4	def	2	–0.1	–30.0		NM	P–D	NM
Medians			**10.3**	**9.6**	**65.8**	**0.9**		**–0.9**	**–17.4**		**–12.8**	**–22.2**	
Industry medians			**17.0**	**10.5**	**74.6**	**2.1**		**10.8**	**10.3**		**–7.1**	**15.0**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

Steven Brown

set up as a closely held corporation owned by its executives. L.F. Rothschild is expected to go public within the year. Other rumored possibilities include Kidder, Peabody and Morgan Stanley (which vehemently denies the possibility).

Why now? Despite a classic bull market, the brokers' retail margins were squeezed, and the big fees these days are in the capital markets, not equity. To play the capital market game you need capital.

But how come margins were squeezed when the Dow broke 1550, the S&P's 500 was up 27% and a record $1 trillion worth of shares changed hands on the exchanges and Nasdaq?

Costs, for one thing. Brokers are still stuck with fancy high-tech offices and fat salary raises they put in during the heady days of 1982-83. Between 1980 and 1983 their total expenses nearly doubled. So, though revenues since 1983 were up 25% to last year's record $36 billion, earnings did not keep pace.

Take a look at the tables. Net profit median for brokerage houses was a paltry 2.5%. Earnings growth over the last five years: minus 5.9%.

Wire houses like PaineWebber, E.F. Hutton and Merrill Lynch were squeezed the worst despite drastic cost-cutting. After Merrill Lynch fired nearly 3,000 "support" staffers—in such departments as marketing and advertising services—it then hired a cost-cutting chief financial officer from General Motors, Courtney Jones, and is moving to lower-rent New Jersey headquarters. PaineWebber replaced 500 brokers with 360 other account executives and shut or merged 18 branch offices.

On the commission side, retail equity sales, once brokers' bread and butter, are on the rocks. Individual investors aren't coming back, or at least not enough of them are. Last year, for the first time, more than half of total trades involved 10,000 shares or more. That means institutions, where the commission dollar per trade is much lower.

So why does NYSE President John Phelan boast of the record 47 million Americans who own stock? They do, but all the growth in individual ownership has been in mutual funds over the past two years. And 80% was in fixed-income funds, not equity funds. Mutual funds are no help on the commission side, either—when they trade, they pay institutional rates.

So the brokers are turning to fixed-income underwriting and trading, mergers and acquisitions. As interest rates fall, the capital markets are the place to be.

Corporate debt and equity underwriting should be $120 billion this year, up from $82 billion in 1984. And in the wild and woolly municipal market, the threat of tax reform has prompted municipalities and states to rush new issues to market—a record $160 billion last year, more than half again 1984's volume, itself a record.

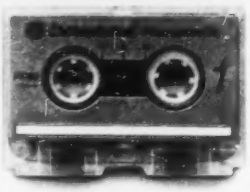
That's why the leaders in return on equity, Phibro-Salomon and First Boston, are also big in the capital markets. (Phibro's 39.1% decrease in earnings per share reflects a writeoff in 1984's fourth quarter, encompassed in its most recent 12-month figure.) Together, they did over $78.5 billion in global corporate underwriting last year. And that's why there may be another name or two on our list of brokerage houses next year.

The opposite is true with financial companies: The list is getting smaller. In 1983 there were 15; this year there are 9, and of the original 15, only 5 remain.

"I don't think finance companies can survive over the next five years without being part of a major bank or corporation," says Albert Gamper, who runs CIT Financial (one of the 15) for Manufacturers Hanover.

Maybe, but for those remaining, lower interest rates and consumer loan demand should have added up to a good year. Two big players pulled the medians down: Mortgage lender Fannie Mae lost $57 million in 1984 and suffered this year from more loan losses and a small exposure to troubled EPIC. Diversified Beneficial took some losses in its property and casualty insurance subsidiary and a $5 million to $10 million writedown in its divestment of Western Auto Supply. Newcomer Southmark generated that 103% five-year sales growth thanks to profitable property sales and syndications in the Sunbelt. ■

Smallest wonder



(Actual size)

The picocassette, by Dictaphone, is the world's smallest cassette – yet capable of recording up to 60 minutes of your biggest ideas.

Its designed exclusively for our smallest, most advanced portable dictation unit ever – the new Exec™ recorder. And together they bring a whole new dimension to dictation. Now small has it all.

LET'S TALK PICODICTATION.™

Call toll-free: 1-800-342-8439

Or write to: Dictaphone Corporation
120 Old Post Road
Rye, N.Y. 10580

Name_____

Title_____ Phone_____

Company_____

Address_____

City_____ State_____ Zip_____

YF-16

DICTAPHONE® Exec and PicoDictation are trademarks of Dictaphone Corp., Rye, N.Y. ©1985 Dictaphone Corp.

Dictaphone
A Pitney Bowes Company

FOOD PROCESSORS

Thanks to Philip Morris and R.J. Reynolds, these stocks cleaned up last year. So be wary of them this year.

By Leslie Pittel

IF YOU OWNED SHARES in a branded foods company last year, chances are you're smiling now. How about this year? Beware.

Takeover fever is driving these stocks now, and analysts like Ronald Strauss of Chicago-based William Blair & Co. are leery. "There is a lot of fluff in many of those prices," he says.

Don't look for too many more deals like R.J. Reynolds'

Food processors

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Food commodities													
Savannah Foods	•/•	1	35.1%	16.6%	35.9%	2.6%	3	9.5%	7.3%	1	20.1%	–12.1%	low
Pioneer Hi-Bred Intl	•/•	2	22.8	26.0	4.5	12.5	2	14.5	14.7	4	6.2	47.9	low
Zapata	25/25	3	17.0	0.5	121.9	0.9	11	–5.7	–9.1	6	2.8	–91.6	very low
Ralston Purina	44/18	4	16.8	27.3	24.3	4.4	9	0.9	17.8	2	14.6	17.5	average
CPC International	37/21	5	16.7	11.0	29.4	3.5	8	2.0	–1.9	8	–2.3	5.7	very low
Archer-Daniels	•/•	6	14.9	10.6	31.6	3.7	1	15.6	5.1	7	2.7	60.2	very low
Intl Multifoods	56/65	7	14.5	12.3	40.9	2.2	7	2.4	14.2	5	3.4	15.3	very low
Staley Continental	85/NA	8	14.3	0.8	30.9	0.2	5	5.3	26.5	11	–19.9	–84.9	very low
Federal Co	87/•	9	12.6	15.6	15.4	2.9	4	7.6	–5.9	3	11.5	–16.2	low
Anderson, Clayton	36/49	10	8.9	2.5	3.3	0.8	10	–1.8	6.8	9	–8.3	–45.3	low
DeKalb AgResearch	74/41	11	8.8	5.3	35.5	3.5	6	5.1	–12.9	10	–14.3	–31.7	average
Medians			**14.9**	**11.0**	**30.9**	**2.9**		**5.1**	**6.8**		**2.8**	**–12.1**	

•90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four-year average ‡Four-year growth ‡‡Three-year growth For further explanation, see page 56

$5 billion acquisition of Nabisco, the $6 billion Philip Morris/General Foods deal or Beatrice Cos.' $6 billion leveraged buyout. This doesn't mean that there won't be further consolidation in this low-growth industry. It just means that more multibillion-dollar takeovers are unlikely. "The prices are now just too high," says John Bryan Jr., chairman of $8 billion Sara Lee Corp.

So the consolidation will be on a smaller scale. But in an industry growing at 2% annually at best, one of the few ways to get much bigger is through acquisition. And the best way is to stay inside the food business.

Take Dean Foods, second in profitability in branded foods behind longtime leader Kellogg. Over half of Dean's growth to $1 billion-plus in sales this year has come from acquisitions, mostly in food.

Food processors who bought toy companies and the like

Food processors

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Meatpacking													
Swift Independent	●/●	1	23.7%†	def	67.8%	def	6	7.1%	6.7%	4	–8.4%‡	P–D	very low
Occidental Petroleum	41/NA	2	20.1	12.7%	89.3	4.1%	4	11.9	–9.9	7	–31.2	–17.6%	average
Monfort of Colorado	●/●	3	17.6	18.2	15.8	1.0	2	19.0	1.7	2	22.4‡‡	–4.9	high
Tyson Foods	84/NA	4	14.9	40.7	103.6	3.1	3	14.7	51.4	1	40.0	89.3	average
Smithfield Foods	●/●	5	13.7	15.8	201.5	0.7	1	31.2	44.5	6	–16.6	177.6	average
Idle Wild Foods	86/ 2	6	13.3	12.7	25.7	0.9	7	5.5	18.2	5	–8.6	79.7	low
George A Hormel	●/●	7	13.0	11.4	20.0	2.2	8	1.0	2.4	3	–1.8	–6.7	low
Thorn Apple Valley	●/DD	8	11.3	def	106.0	def	5	8.9	–2.0		NM	P–D	NM
United Brands	55/32	9	0.4	10.4	55.0	1.1	10	–4.1	–3.0		NM	77.3	NM
Wilson Foods	●/DD	10	def	def	128.3	def	9	–3.3	–18.6		NM	D–D	NM
Medians			**13.5**	**12.1**	**78.6**	**1.0**		**8.0**	**2.1**		**–12.6**	**–5.8**	
Branded foods													
Kellogg	●/●	1	27.5%	54.9%	74.7%	9.5%	18	6.0%	12.8%	14	9.5%	34.0%	very high
Dean Foods	●/●	2	24.1	23.6	27.6	3.0	4	12.0	13.7	2	21.2	20.7	very high
RJ Reynolds Inds	42/22	3	24.0	24.6	25.3	10.3	5	11.8	6.8	8	12.8	48.3	high
ConAgra	64/69	4	21.9	20.9	54.4	1.7	1	38.6	39.3	13	10.2	53.6	high
HJ Heinz	●/●	5	20.3	23.2	22.2	6.8	10	9.3	1.0	3	15.4	10.9	average
Hershey Foods	77/82	6	19.7	16.8	18.9	5.6	8	9.7	7.9	7	12.9	6.6	very high
General Mills	64/74	7	19.5	def	43.9	def	12	8.8	–22.7	11	11.9	P–D	very high
Flowers Industries	●/●	8	19.2	19.4	74.7	4.2	3	14.1	3.6	5	14.7	17.7	very high
McCormick	●/●	9	18.6	11.1	39.6	3.2	7	11.2	10.5	1	22.9	–55.4	high
Curtice-Burns	●/●	10	18.5	15.8	182.7	1.5	2	14.6	–0.4	4	14.8	–10.5	very high
Sara Lee	31/31	11	18.4	19.9	43.5	2.6	15	7.9	12.0	9	12.4	11.1	very high
Pillsbury	51/50	12	17.1	17.6	55.6	4.0	6	11.7	14.3	14	9.9	12.2	very high
PepsiCo	35/49	13	16.8	29.2	37.0	6.9	11	8.9	–6.1	24	–3.0	171.7	very low
Ralston Purina	37/62	14	16.8	27.3	24.3	4.4	24	0.9	17.8	6	14.6	17.5	average
CPC International	58/76	15	16.7	11.0	29.4	3.5	22	2.0	–1.9	23	–2.3	5.7	very low
Gerber Products	45/NA	16	16.5	15.1	21.5	5.5	13	8.7	7.7	10	12.3	1.6	very high
Quaker Oats	82/82	17	15.9	20.9	20.4	4.5	13	8.7	1.5	22	2.6	16.4	very low
Beatrice	74/64	18	15.8	19.7	109.8	3.4	17	6.8	26.0	20	4.3	4.4	very low
Universal Foods	54/NA	19	15.6	14.5	39.3	3.5	16	7.7	14.6	17	8.2	46.8	low
Campbell Soup	●/●	20	15.2	15.7	21.5	5.0	9	9.7	9.1	16	8.4	3.2	high
Dart & Kraft	70/63	21	14.9	17.1	20.1	4.6	23	1.7	–0.8	19	5.6	8.4	average
Wm Wrigley Jr	●/●	22	14.9	18.5	0.0	6.9	20	2.5	2.9	18	5.9	8.5	average
Intl Multifoods	25/26	23	14.5	12.3	40.9	2.2	21	2.4	14.2	21	3.4	15.3	very low
Borden	68/58	24	13.4	13.9	31.0	4.1	27	0.0	0.5	11	10.6	5.2	very high
Anderson, Clayton	55/39	25	8.9	2.5	3.3	0.8	29	–1.8	6.8	27	–8.3	–45.3	low
IC Industries	27/24	26	8.6	7.9	92.2	2.8	25	0.6	12.9	25	–3.9	–33.8	very low
American Maize	78/●	27	8.4	1.0	81.3	0.2	26	0.1	13.1	26	–5.9	–89.0	very low
United Brands	38/47	28	0.4	10.4	55.0	1.1	30	–4.1	–3.0		NM	77.3	NM
American Bakeries	●/●	29	def	12.2	24.9	1.2	28	–1.5	–6.4		NM	26.1	NM
Interstate Bakeries	●/●	30	def	7.2	40.5	0.7	19	3.1	2.1		NM	D–P	NM
Winn Enterprises	●/71		NA	def	453.7	0.0		NA	38.3		NA	P–D	NA
Medians			**16.6**	**15.8**	**39.3**	**3.5**		**7.8**	**7.7**		**9.0**	**9.7**	
Industry medians			**15.8**	**14.2**	**36.5**	**3.0**		**7.1**	**6.8**		**4.3**	**6.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.2**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four year average ‡Four year growth ‡‡Three year growth For further explanation, see page 56

A big imponderable for those on the list is the fate of those no longer there. Will General Foods and Nabisco be tougher competitors now that they are owned by tobacco companies with deep pockets? DLJ analyst William Leach isn't so sure. "When the players get bigger, they get less concerned with cost control," he says. "Look at the brokerage industry. First you have all these mergers, like Sears and Dean Witter. The next thing you know, earnings are down."

haven't done nearly as well. In fact, most of the top 15 profitability performers on the branded foods list did better in foods than out. Bryan's Sara Lee, which has Hanes hosiery and Coach Leatherware, is one of the few companies to be successful with outside acquisitions, mainly because it has always been able to keep top management aboard.

Branded foods companies have benefited for two straight years from falling commodities prices—corn was down 9% last year; soybeans, 17%; and wheat, 15%. This year prices will probably be stable. Poultry consumption is expected to equal beef consumption for the first time, according to USDA estimates, benefiting chicken producers like Federal Co. but bringing more bad news for those companies in the depressed meatpacking industry.

Many companies in all three industry subgroups would benefit from the weakening dollar. Take CPC International, which often gets more than half its earnings from abroad. Others likely to benefit include Dart & Kraft and H.J. Heinz.

Tax reform could also be a big plus. Because many of these companies can't take advantage of investment tax credits, they are now highly taxed. Lowering the corporate rate, says Bryan, could mean "at least a 10% increase in earnings."

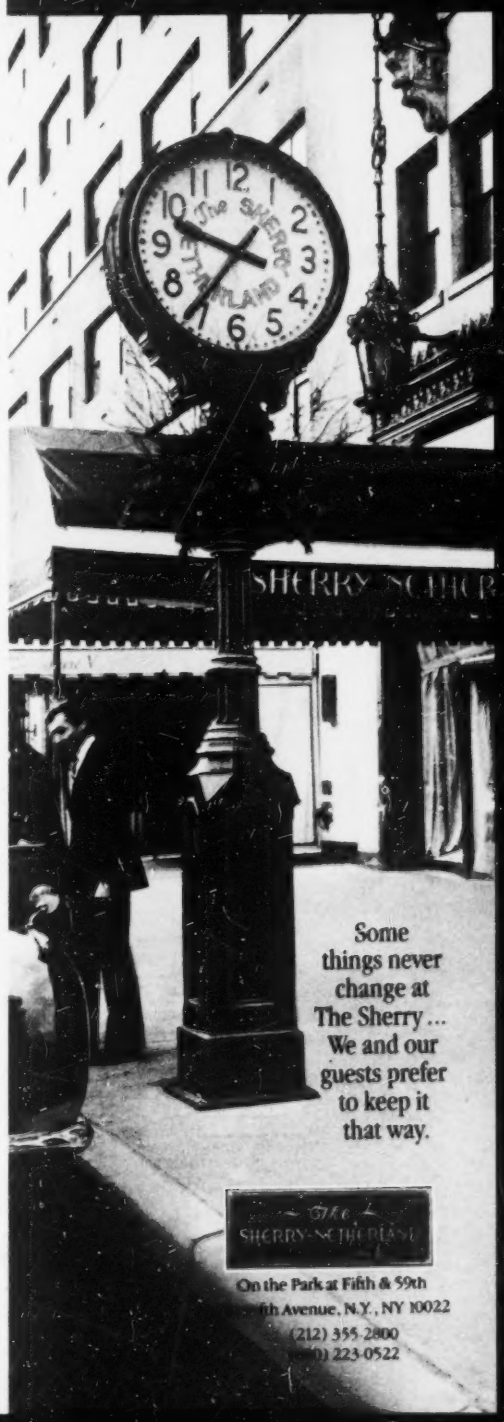
A big imponderable for those on the list is the fate of those no longer there. Will General Foods and Nabisco be tougher competitors now that they are owned by tobacco companies with deep pockets? Donaldson, Lufkin & Jenrette analyst William Leach isn't so sure. "When the players get bigger, they get less concerned with cost control," he says. "Just look at the brokerage industry. First you have all these large mergers, like Sears, Roebuck and Dean Witter Reynolds. The next thing you know earnings are down."

Food processors have always been considered good defensive stocks if you're worried about the economy. People always have to eat, and these companies always had solid balance sheets. Their debt-to-equity ratios were usually below those of U.S. industry as a whole.

But take note: Largely because of acquisitions and antitakeover share repurchases last year, debt for these companies now equals 36.5% of equity, or about the same as the all-industry median. ■

"... the Sherry-Netherland is a distinguished hotel with an aura of grandeur all it's own. The accent is unquestionably continental and the atmosphere is sedate and elegant throughout the hotel... The rooms are lovely and the location chic."

Fodor's New York City 1985



FOOD DISTRIBUTORS

In the supermarket business, the bigger you are the more money you make—up to a point.

By Laura Jereski

WITH THE GROCERY BUSINESS a low-growth industry in a population-stable society, it's ever more of a struggle to keep those traditionally thin margins from disappearing altogether.

Last year the regional supermarket chains did a better job of it than the big chains.

In fact, the regionals increased their median return on equity from 10.5% in 1984 to 13% last year, and their net profit margins from 0.7% to 0.9%.

By contrast, major supermarket chains failed to equal their five-year averages in return on equity for the second year in a row or to improve the 1984 net margins of 1.3%.

Why? The grocery business works best on a regional scale, says Stephen Mandel, supermarket analyst with Goldman, Sachs: "Historically, it has been very difficult for chains to keep their momentum going beyond $8 billion in sales."

Smaller chains not only keep better tabs on the local marketplace but also tend to be better at store construction and at using technology.

Washington, D.C.-based Giant Food, for example, was the first chain to install automatic checkout scanning in all of its stores. Food Lion of Salisbury, N.C. and Bruno's of Birmingham, Ala. have been adept at the technique called "forward buying"—stocking up on millions of dollars' worth of long-shelf-life inventory, such as coffee or paper products to keep costs down.

There's also the burden of the big supermarkets' push into superstores. That's changing the geography and the competition as well.

Food distributors

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Wholesale and supply													
Super Valu Stores	•/82	1	26.6%	19.6%	49.0%	1.3%	8	13.1%	12.4%	5	15.9%	–11.4%	very high
Allegheny Beverage	67/52	2	23.3	114.9	416.1	8.7	1	36.2	61.2		NM	500.0+	NM
Marriott	31/27	3	22.2	22.4	165.1	4.0	4	19.3	15.7	3	19.8	24.4	very high
Saga	88/•	5	19.8	14.4	54.9	2.0	10	11.1	11.0	1	60.9	–20.7	very high
Sysco	•/•	4	19.8	16.5	52.1	1.9	5	18.2	13.3	4	18.9	9.5	very high
Fleming Cos	•/•	6	18.6	16.2	59.8	0.9	6	17.6	28.8	7	14.8	9.5	very high
Transworld	62/53	7	16.2††	17.6	27.9	5.6	12	7.3	1.7	6	15.5	7.0	average
Nash Finch	57/67	8	13.9	12.0	42.6	0.9	13	6.5	8.7	10	5.8	1.3	high

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-P: Deficit to profit. P-D: Profit to deficit. Z-P: Zero profit to profit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

Image Bank

This year a good chunk of the $150 million to $300 million each of the majors will spend on capital investment will go toward these big stores—35,000 square feet and over—often with such high-margin nonfood departments as florists or pharmacies. "It now costs nearly $5 million, on average, to open a retail grocery store," says Jack Twyman, chief executive of Super Food Services, the Dayton, Ohio-based wholesaler. "Ten years ago an average store cost $500,000."

As they push into the Sunbelt with these big stores, the major chains are closing down older, smaller stores. Cincinnati-based Kroger closed 130 stores over the past year—18 in northeast Ohio alone—while it was opening big combination food-and-nonfood stores in cities like Dallas, Houston and Atlanta.

Kroger's 470 combination stores, 36% of the company's total, accounted for 40% of its more than $16 billion in 1985 sales. By 1987 combo stores will represent 45% of Kroger's outlets and at least 60% of sales.

How does this change competition? Traditionally, wholesalers like Super Food supplied independent grocers while the grocery chains supplied themselves. Now the cost of the larger outlets is channeling more of the chains' new investment to the retail level rather than toward keeping wholesale distribution in step.

Wholesalers fill the gap by increasing their sales to chains. Ed Walzer, editor of *Progressive Grocer*, estimates that 25% of chain stores are now served by wholesalers. "Each side is going back to what they do best," he says. "The wholesalers are distributing, and the retailers are minding the store."

This may change once the big capital investment levels

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Wetterau	●/82	9	13.2%	17.2%	94.2%	0.9%	2	20.3%	11.2%	9	10.5%	23.9%	very low
Super Food Services	■/■	10	13.2	16.8	68.0	0.7	11	7.8	8.3	2	21.4	25.2	high
Rykoff-Sexton	78/NA	11	13.0	14.8	86.2	1.4	9	12.7	26.5	8	11.4	17.2	average
Farm House Foods	■/■	12	12.8	9.8	183.2	0.4	7	14.3	–44.9	12	–2.8	50.0	very low
Carson Pirie Scott	37/48	13	10.8	13.4	104.2	2.0	3	19.6	23.2	11	4.2	132.5	very low
Pacific Gamble	64/●	14	6.7	2.3	68.2	0.2	14	3.8	–10.9	13	–22.6	1.6	very high
DiGiorgio	64/40	15	5.0	0.9	106.1	0.2	15	1.4	–9.5		NM	–73.1	NM
Allied Supermarkets	35/NA	16	NE	1.6	10.6	0.4	16	–1.3	–30.5		NM	Z–P	NM
Medians			**13.6**	**15.5**	**68.1**	**1.1**		**12.9**	**11.1**		**11.0**	**9.5**	

●50% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-P Deficit to profit P-D Profit to deficit def Deficit Z-P Zero profit to profit NA Not available NE Negative equity NM Not meaningful †Four-year average ‡Four-year growth ††Three-year average ‡‡Three-year growth For further explanation, see page 56

Food distributors

Yardsticks of management performance

Company	% in —segment— sales/profits	Profitability: Return on equity rank	5-year average	latest 12 months	debt as % of equity	net profit margin	Growth: Sales rank	5-year average	latest 12 months	Earnings per share rank	5-year average	latest 12 months	earnings stability
Major supermarkets													
American Stores	NA/NA	1	26.8%	26.4%	128.9%	1.4%	1	20.5%	62.0%	1	33.7%	42.0%	high
Albertson's	●/●	2	21.9	17.8	42.7	1.7	3	12.2	8.7	4	15.0	5.2	very high
Supermarkets Genl	87/77	3	21.1	21.7	90.6	1.3	4	12.1	36.4	3	16.3	50.2	very high
Winn-Dixie Stores	●/●	4	20.0	17.1	14.7	1.4	7	8.5	7.0	5	8.1	-8.1	very high
Stop & Shop Cos	51/25	5	19.2	12.8	52.8	1.3	5	11.2	12.8	2	33.6	-26.9	very high
Lucky Stores	67/69	6	19.2	17.5	61.3	1.1	6	9.5	6.5	8	-0.3	12.8	very low
Kroger	●/●	7	15.6	15.8	67.8	1.1	2	12.3	5.8	7	0.0	27.5	very low
Safeway Stores	●/●	8	13.0	16.4	94.8	1.2	8	7.3	2.6	6	5.9	28.8	average
Great A&P Tea	●/●	9	def	10.0	41.7	0.9	9	-5.1	12.1		NM	52.5	NM
Medians			**19.2**	**17.1**	**61.3**	**1.3**		**11.2**	**8.7**		**8.1**	**27.5**	
Regional supermarkets													
Big Bear	78/80	1	38.5%	29.4%	83.1%	1.8%	5	11.0%	10.8%	3	24.8%	51.9%	very high
Bruno's	●/●	2	35.1	23.0	9.9	2.8	3	15.5	22.8	1	27.9	28.6	very high
Food Lion	●/●	3	30.4	27.3	31.4	2.6	1	29.2	27.4	4	21.6	29.2	very high
Delchamps	●/●	4	21.8	15.2	54.8	1.5	2	22.2	8.5	7	16.5	2.2	very high
Giant Food	●/●	5	21.0	22.3	51.0	2.3	4	11.0	7.7	2	25.0	17.9	high
Weis Markets	●/●	6	20.4	18.2	0.0	5.9	10	9.4	4.3	8	13.9	7.9	very high
Hannaford Bros	●/●	7	20.1	18.9	94.3	1.7	6	10.3	17.2	5	18.9	25.2	very high
Cullum Cos	●/●	8	20.0	17.7	46.1	1.6	9	9.4	-12.8	12	5.4	24.6	average
Big V Supermarkets	●/●	9	18.3	13.3	66.9	0.9	13	8.8	6.6	18	-11.5	128.6	very low
Ruddick	80/46	10	15.0	12.4	41.1	1.4	8	9.4	20.8	10	11.4	-12.8	very high
Waldbaum	●/●	11	14.9	13.0	76.4	0.9	14	8.8	4.3	9	12.1	27.8	average
Nash Finch	42/32	12	13.9	12.0	42.6	0.9	20	6.5	8.7	11	5.8	1.3	high
Marsh Supermarkets	●/●	13	13.3	11.5	104.6	0.9	19	7.1	5.5	16	-10.7	139.3	very low
Seaway Food Town	●/●	14	12.3	11.3	98.4	0.8	16	8.0	7.5	19	-16.4	158.4	high
Household Intl	29/10	15	12.0	13.6	236.0	2.6	11	9.1	5.3	13	4.7	-4.6	low
Arden Group	87/68	16	11.9	16.8	77.4	1.6	25	-1.7	-5.1	6	17.8	117.5	average
Penn Traffic	●/85	17	10.4	8.8	63.2	0.9	17	7.7	-2.7	15	-5.2	-5.7	very low
Godfrey	●/●	18	9.1	11.9	76.8	0.6	18	7.5	9.1	17	-10.8	64.4	average
Pueblo International	85/81	19	8.1	6.9	84.0	0.6	15	8.7	3.0	14	-0.9	-28.1	very low
Fisher Foods	●/DD	20	7.5	0.4	46.0	0.1	27	-22.7	-6.4		NM	D-P	NM
Pacific Gamble	32/12	21	6.7	2.3	68.2	0.2	21	3.8	-10.9	20	22.6	1.6	very high
Shopwell	●/●	22	6.2	def	124.4	def	7	10.0	8.3		NM	P-D	NM
Foodarama Supermkts	●/●	23	1.1	14.2	44.8	0.7	23	1.8	2.6	21	-44.8	D-P	average
Berman's	●/DD	24	def	7.5	113.2	0.2	22	1.9	1.1		NM	D-P	NM
Allied Supermarkets	65/NA	25	NE	1.6	10.6	0.4	24	1.3	-80.5		NM	Z-P	NM
Pantry Pride	●/29	26	NE	def	33.1	def	26	11.0	-55.2		NM	P-D	NM
Stater Bros	●/●		NA	74.7	1110.7	0.3	12	9.0	NA		NA	NA	NA
Medians			**12.8**	**13.0**	**66.9**	**0.9**		**8.8**	**4.8**		**1.9**	**17.9**	
Convenience stores													
Natl Convenience	●/●	1	27.0%	12.0%	250.9%	1.1%	2	18.6%	11.3%	2	16.7%	-34.6%	very high
Circle K	●/●	2	17.9	23.8	156.1	2.1	3	16.7	46.5		NM	26.5	NM
Southland	55/85	3	16.3	16.5	71.6	1.6	1	24.1	4.3	3	11.9	25.0	very high
Munford	84/78	4	13.6	10.7	39.8	1.4	4	7.8	9.8	1	44.8	-20.1	high
Medians			**17.1**	**14.3**	**113.9**	**1.5**		**17.7**	**10.6**		**14.3**	**2.5**	
Restaurant chains													
Wendy's Intl	●/●	1	24.2%	20.5%	28.8%	7.0%	1	27.9%	20.5%	1	17.9%	13.3%	very high
McDonald's	●/●	2	22.6	22.0	63.1	11.7	3	11.8	9.6	2	16.1	13.2	very high
Church's Fried	●/●	3	22.2	16.5	4.0	7.7	7	8.1	11.6	7	0.5	27.5	very low
General Mills	26/25	4	19.5	def	43.9	def	6	8.8	22.7	3	11.9	P-D	very high
Jerrico	●/●	5	17.3	12.1	33.9	4.4	2	12.4	5.0	4	10.5	10.6	average
Pillsbury	43/52	6	17.1	17.6	55.6	4.0	4	11.7	14.3	5	9.9	12.2	very high
Ponderosa	●/●	7	9.9	0.7	27.5	0.3	5	9.0	1.8	6	0.9	-93.8	very low
Medians			**19.5**	**16.5**	**33.9**	**4.4**		**11.7**	**9.6**		**10.5**	**12.2**	
Industry medians			**15.9**	**14.8**	**63.1**	**1.3**		**9.4**	**8.3**		**9.0**	**13.2**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

● 80% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-P: Deficit to profit P-D: Profit to deficit Z-P: Zero profit to profit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful 5-year average: Five-year average 5-year growth: Five-year growth

For further explanations, see page 56

off. Wholesalers currently supply 55% of Albertson's supermarkets, for example, but Albertson's treasurer David Connolly says as the chain grows it will continue to do more of its own distribution.

With costs rising faster than prices in food retailing, technology is one way for stores to protect themselves. Automatic checkout scanners are now in about 40% of the nation's supermarkets, up from 16% in 1981. Many have been in place for several years, so the industry has already seen a good deal of the "hard savings"—cutting down on the labor costs of price-marking every item. The "soft savings" in productivity, though harder to measure and later to show up, may be much bigger: Industry estimates of savings range from 1% to 2% of sales, about the same as current net margins in this business.

That doesn't mean net margins will double. The fierce competition in this business will use up most of the savings so as to hold the line on prices. The same is true of forward buying.

Instead, earnings are more likely to be enhanced by labor savings. The day of outright union givebacks, which benefited both Kroger and Great Atlantic & Pacific in 1984, may be over, but the supermarket chains are still hanging tough.

Albertson's last contract with the Southern California Retail Clerks, for example, was for a wage increase of about 4% a year, a welcome relief. "We'd had 10% increases for years," says Connolly.

Restaurant chains are facing a labor problem of their own: a long-term shortage as the teenage population, the prime source of low-wage, part-time labor, continues to shrink. Some chains are already feeling the pressure of higher labor costs as they hire senior citizens and mothers return to the work force.

The strong players stand to get even stronger over the next few years, since a shakeout in the restaurant industry seems certain. Why? Between 1980 and 1985 the number of chain restaurant outlets grew 31.4%, from 59,900 to 78,700. Almost 7,000 new restaurants were opened last year alone. "Everybody with two sites went public," says Michael Culp, restaurant analyst with Prudential-Bache.

A lot of those newcomers may be paying the price, but that only makes the established chains more attractive. There hasn't been a major acquisition or merger in this industry for several years, and the time seems nigh. ■

Does your company need help in managing its telephone costs?

The telephone is the lifeline of your business. You've gone to a good deal of trouble and expense to get a proper telephone system—but you still have a monthly telephone bill that is nearly impossible to understand.

You still don't know how to allocate this expense by division, department, cost center or individual. You don't know the extent of personal abuse calls. You don't know if you have the most cost-effective mix of tie-lines, WATS, or foreign exchanges. And finally, you don't know in which areas of your company the telephone system is being effectively utilized and in which areas it is not.

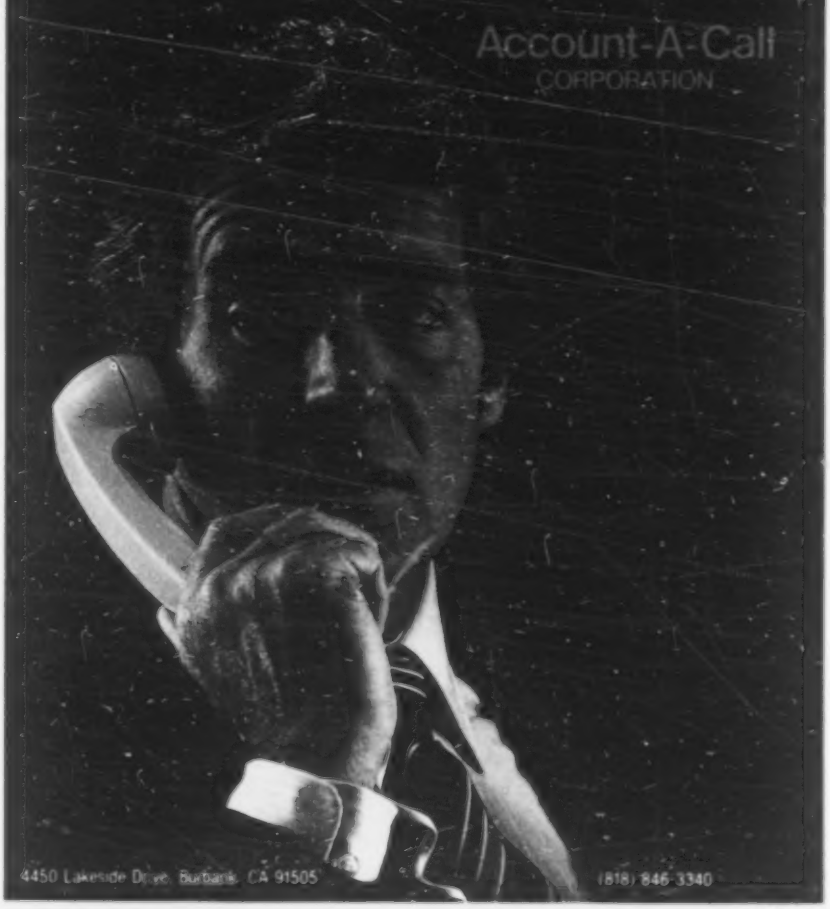
Maybe it's time you called Account-A-Call.

We can be a big help in managing your telephone costs by providing solutions to virtually every telephone usage and equipment question. Our nationwide service bureaus prepare for you monthly reports that effectively analyze your telephone expenditure.

Costs are clearly and simply organized by any number of allocation criteria—from a single user to an entire department. You know *who* is making *what* calls, *where* the calls are being made and *how much* the calls are costing. And with Account-A-Call, you find out just how efficiently your entire phone system is working in this increasingly complex world of telecommunications.

Want to know more about what we can do for you? Ask for our free brochure describing ways in which we can help your company manage its telephone costs.

Account-A-Call CORPORATION



4450 Lakeside Drive, Burbank, CA 91505 (818) 846-3340

HEALTH

"This may hurt a little," said the government, slamming the lid on Medicare costs. Two years later the hospital companies are reeling. It's going to get worse before it gets better.

Steven Brown

By Ralph King Jr.

IN HEALTH CARE THESE DAYS, it's like recovering from shock only to start feeling the pain.

In October, after 16 years of double-digit growth, Hospital Corp. of America, the nation's largest hospital manager, revealed that its earnings would be flat in 1986.

American Medical International, National Medical Enterprises and Humana are suffering, too. And analysts such as Sanford C. Bernstein & Co.'s Kenneth Abramowitz says their earnings could fall 25% to 35% by 1988.

What happened to these onetime stars? In 1983 the government slapped fixed fees on Medicare reimbursement. Now that change has caught up with the hospital companies.

For a while they kept their heads above water by sending patients home a few days earlier, cutting labor costs and delaying big capital equipment purchases. But now most of the fat is worked off.

In the meantime, the hospital companies were losing patients as lower-cost alternatives, such as health maintenance organizations, took patients away from traditional insurers like Blue Cross. By year-end HMOs had over 21 million members, up from 16.7 million in 1984, but still only 9% of the population. Now publicly traded HMOs like Maxicare and U.S. Health Care Systems are the darlings of Wall Street, just as hospital companies used to be.

It's survival the hospital chains are thinking about now. There are several options, all risky.

Most are trying to transform themselves into integrated health care providers—from outpatient, home care and long-term care of the elderly to mental health and drug abuse therapy. And vertical integration was the logic behind the ill-fated HCA-American Hospital Supply merger, which fell apart when Wall Street shrugged, HCA blinked and Baxter Travenol made a better offer.

Louisville-based Humana began preparing several years ago, so it is farthest along the road to integration. Humana wants a nationwide system in which patients can buy Humana health insurance, go to Humana primary-care clinics, then, if necessary, to Humana hospitals. "For once we're seeing a real differentiation between management companies. Humana is the well-positioned, low-cost producer," says Seth Shaw of Shearson Lehman Brothers.

Health

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Drugs													
American Home Prods	67/77	1	34.2%	33.8%	1.9%	15.3%	10	6.6%	–7.6%	8	12.1%	6.9%	very high
SmithKline Beckman	71/•	2	31.7	24.6	4.2	16.1	3	17.8	7.8	9	9.3	4.2	very high
Bindley Western Inds	•/•	3	28.2	14.5	1.4	0.8	4	17.4	14.9	2	23.7	23.4	very high
Abbott Laboratories	54/68	4	25.6	27.9	29.3	13.7	6	12.9	6.6	5	17.7	16.3	very high
Bristol-Myers	37/41	5	23.3	24.2	4.8	11.9	8	8.3	5.1	7	14.3	12.5	very high
Eli Lilly	64/NA	6	22.1	23.3	5.2	15.8	11	6.7	4.8	10	8.9	8.6	very high
Merck	81/•	7	21.6	20.5	7.0	14.7	9	7.6	2.8	12	5.1	10.9	high
Rorer Group	60/68	8	20.8	18.4	19.7	7.9	5	14.4	7.2	14	3.7	–1.9	high
Bergen Brunswig	77/77	9	19.2	17.2	92.1	1.0	2	26.1	43.0	4	17.8	31.7	very high
Pfizer	49/NA	10	18.9	21.9	13.6	14.5	10	7.0	1.9	6	15.0	12.3	high

• 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D/P: Deficit to profit P/D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful For further explanation, see page 56.

But even Humana faces tough going. It has lost $31 million in the clinic and insurance businesses. And any hospital company in insurance first has to reconcile a potential conflict of interest, notes consultant Jeff Goldsmith: Its insurance unit wants to keep people out of the hospital, while its hospitals dearly need beds filled.

The same can be true of HMOs and hospitals owned by the same company. When National Medical started expanding its 1984-acquired Av-Med HMO in Florida, for example, it found itself taking patients away from doctors associated with its own hospitals. It has since backed out of markets where it has hospitals.

As always, when an industry hurts, its suppliers hurt more. Take those two former highfliers—now merging—Baxter Travenol (12-month earnings per share off 83%) and American Hospital Supply (off 6%). The new entity, with $5.5 billion revenues, will put plenty of pressure on competitors, probably leading to more consolidation. Still, $5.5 billion represents only slightly more than 1% of the nation's annual health care bill.

But some suppliers are so discouraged they're getting out: Warner-Lambert, for example, which took a $550 million charge and dumped Imed, maker of intravenous pumps; Deseret Medical, a producer of catheters; and lab equipment maker Reichert. Abbott Laboratories, on the other hand, leads the hospital and clinical lab markets with its highly automated, inexpensive diagnostic tests.

The drug companies fared better. One reason was that the weakening dollar helped sales overseas. Now they can bring those profits home, which will probably boost their earnings by a sparkling 13% to 15% in 1986. "With a little help from the Food & Drug Administration in approvals of new drugs, 1986 could be the best year in two decades," says Arnold Snider of Kidder, Peabody. ■

Health

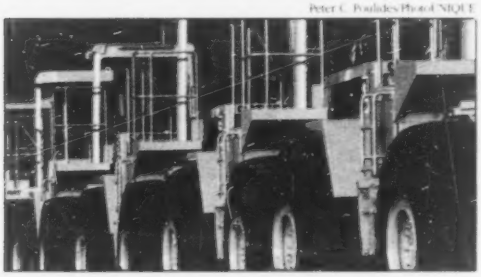
Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Upjohn	66/●	11	17.9%	16.4%	33.7%	9.2%	13	6.4%	–6.5%	17	0.0%	6.9%	very low
Sterling Drug	55/NA	12	16.2	16.0	8.6	8.2	17	3.9	–3.0	13	4.5	5.6	very high
Schering-Plough	56/62	13	16.0	14.2	9.6	9.9	15	4.3	1.4	18	–4.0	6.4	average
Bausch & Lomb	82/85	14	14.8	19.8	23.4	11.2	19	0.5	–12.1	16	0.6	38.0	very low
McKesson	59/43	15	14.0	12.5	33.4	1.3	16	4.2	20.5	19	–4.9	0.5	average
Squibb	57/71	16	14.0	16.2	15.1	11.0	14	4.6	7.3	11	7.4	12.9	average
Warner-Lambert	44/47	17	12.6	16.7	35.6	7.4	20	–1.3	2.2	3	18.7	9.8	low
American Cyanamid	27/44	18	11.7	10.2	31.5	4.7	18	2.8	–4.8	15	2.3	–22.7	very low
AH Robins	86/89	19	def	def	NE	def	7	10.0	12.3		NM	P–D	NM
FoxMeyer	●/●		NA	9.5	104.8	1.1	1	43.4	63.5	1	25.9	13.0	very high
Medians			**18.9**	**17.0**	**14.4**	**9.6**		**6.9**	**5.0**		**8.2**	**9.2**	
Health care													
SmithKline Beckman	28/ 6	1	31.7%	24.6%	4.2%	16.1%	1	17.8%	7.8%	6	9.3%	4.2%	very high
Abbott Laboratories	45/31	2	25.6	27.9	29.3	13.7	3	12.9	6.6	2	17.7	16.3	very high
Bristol-Myers	27/28	3	23.3	24.2	4.8	11.9	8	8.3	5.1	3	14.3	12.5	very high
Rorer Group	39/31	4	20.8	18.4	19.7	7.9	2	14.4	7.2	8	3.7	–1.9	high
Johnson & Johnson	32/12	5	19.2	20.3	7.7	9.4	9	7.6	4.5	7	7.1	30.0	high
Hillenbrand Inds	30/43	6	18.8	15.2	28.1	7.2	6	10.1	6.2	5	9.6	–3.2	very high
Whittaker	50/73	7	17.5	8.4	40.2	2.4	12	5.5	–22.2	11	–5.2	–41.9	low
American Hospital	●/●	8	17.2	14.1	11.3	6.3	4	11.2	–1.0	4	13.0	–6.4	high
Alco Standard	25/16	9	16.8	11.3	44.7	1.3	5	11.0	12.7	9	2.0	–18.6	average
Baxter Travenol Labs	●/●	10	15.5	2.8	18.6	1.8	7	9.1	8.8	14	–13.6	–82.8	very low
Revlon	36/51	11	13.0	11.8	48.1	5.0	11	5.6	0.4	13	–11.6	0.3	high
Warner-Lambert	28/23	12	12.6	16.7	35.6	7.4	14	–1.3	2.2	1	18.7	9.8	low
Becton, Dickinson	82/82	13	11.9	14.0	37.3	7.7	10	6.6	1.5	10	–5.0	38.6	very low
Corning Glass Works	30/28	14	9.7	8.5	29.0	5.5	13	3.2	–0.6	12	–10.9	3.3	high
Sybron	81/82	15	0.6	6.7	48.5	2.4	15	–8.0	–11.5		NM	D–P	NM
Medians			**17.2**	**14.1**	**29.0**	**7.2**		**8.3**	**4.5**		**3.7**	**1.8**	
Hospital management													
Charter Medical	●/●	1	35.9%	32.3%	203.9%	7.7%	5	28.6%	27.4%	1	44.2%	17.1%	very high
Humana	●/●	2	33.1	28.6	173.1	9.9	6	16.2	11.6	2	36.7	11.7	very high
National Medical	●/●	3	20.9	16.8	131.9	5.7	2	47.0	22.1	3	29.0	8.2	very high
American Medical	●/●	4	20.6	19.9	146.6	7.3	3	34.4	14.9	6	17.2	18.3	high
Hospital Corp	●/●	5	19.0	17.9	97.9	8.7	4	33.2	15.6	4	27.7	17.0	very high
Beverly Enterprises	●/●	6	18.0	12.1	228.0	3.4	1	53.5	21.8	5	24.6	20.7	very high
Medians			**20.8**	**18.9**	**159.9**	**7.5**		**33.8**	**18.7**		**28.4**	**17.1**	
Industry medians			**18.9**	**16.7**	**29.0**	**7.7**		**8.3**	**6.2**		**9.3**	**9.2**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

●90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful For further explanation, see page 56

HEAVY EQUIPMENT

Peter C. Franklin/Photo NIQUE



If you make tractors, bulldozers or mining equipment, you're hunkered down. Or already out.

By Michael Ozanian

ONLY THE AIR TRANSPORT, coal and metals industries are ranked lower in profitability than these capital equipment manufacturers. All three industry subgroups show negative earnings for the latest 12 months, and only industrial machinery has a positive five-year average return on equity.

These companies won't start coming back until their markets do—farmers, mining and smokestack industries. That doesn't seem likely soon. Farm commodity prices were down 7% last year, and farmers are up to their ears in debt. Coal, metals mining and oilfield services are in terrible shape. Construction was disappointing. The smokestack industries are in the grip of change as the U.S. economy moves more into services.

On top of that was the strong dollar. Last year it meant that some of these companies were being beaten with their

Heavy equipment

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Agricultural													
Deere	79/●	1	6.1%	2.0%	43.4%	1.1%	1	–4.7%	–2.8%	1	–34.4%	–64.6%	high
Massey-Ferguson	74/53	2	def††	def	482.3	0.0	2	–15.5	–8.5		NM	D–D	NM
Medians			**def**	**2.0**	**262.9**	**0.6**		**–10.1**	**–5.7**		**–34.4**	**–64.6**	
Building and mining													
Joy Manufacturing	60/●	1	12.0%	3.3%	15.1%	1.8%	3	–5.4%	18.4%	1	–26.6%	–53.9%	low
Ampco-Pittsburgh	36/53	2	6.1	3.9	46.0	1.5	1	0.0	23.4		NM	119.4	NM
Caterpillar Tractor	●/PD	3	1.6	def	48.5	def	4	–6.8	–1.7		NM	D–D	NM
Becor Western	42/50	4	def	1.3	27.2	0.6	2	–2.7	–10.7		NM	D–P	NM
Clark Equipment	83/43	5	def	def	26.1	def	5	–10.1	–10.0		NM	P–D	NM
American Hoist	52/DD	6	def	def	74.6	def	6	–10.8	10.6		NM	D–D	NM
Harnischfeger	68/68	7	def	3.1	92.5	1.6	7	–11.2	18.8		NM	34.6	NM
Medians			**def**	**1.3**	**46.0**	**0.6**		**–6.8**	**10.6**		**NM**	**–53.9**	
Industrial													
Litton Industries	27/30	1	22.9%	15.2%	158.3%	6.5%	13	2.6%	–0.3%	7	5.4%	–0.7%	low
Ametek	71/69	2	20.6	17.2	20.5	7.1	10	4.5	–2.9	2	12.9	–17.7	high
Pentair	28/21	3	20.0	17.9	56.2	3.9	1	21.0	8.1	9	3.4	–3.9	very low
Foster Wheeler	54/73	4	17.7	8.6	12.0	2.7	30	–3.2	–11.8	19	–7.2	–3.0	average
Emhart	42/40	5	17.1	15.4	24.1	4.7	18	1.3	–2.9	4	9.5	–12.4	very high
Sundstrand	37/21	6	17.0	13.5	30.1	5.9	14	2.6	24.6	20	–7.6	19.2	low
Illinois Tool Works	●/●	7	16.8	15.2	2.9	9.6	5	7.7	4.2	6	5.7	2.7	average
Tecumseh Products	●/●	8	15.6	13.7	0.0	7.1	22	0.6	–6.7	8	5.3	–15.7	low
Stanadyne	44/44	9	15.5	15.3	17.0	6.0	22	0.6	0.7	3	9.8	–18.0	low
Briggs & Stratton	●/●	10	15.4	11.2	0.0	4.4	21	0.9	–2.7	17	–6.9	–24.3	average
Combustion Eng	●/●	11	15.2	def	11.8	def	19	1.1	–13.9		NM	D–D	NM
Kaman	44/32	11	15.2	17.6	29.5	3.4	3	9.4	3.0	1	15.8	11.2	high
Zurn Industries	●/76	13	14.7	10.1	14.8	4.3	26	–0.5	10.0	14	–4.5	13.1	very low
General Signal	29/20	14	14.4	11.5	10.7	5.8	12	4.4	2.2	12	–1.2	–2.2	very low
Cooper Industries	60/50	15	14.4	9.6	12.6	4.6	9	5.1	34.3	25	–18.3	26.9	average

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ††Three year average For further explanation, see page 56

own products by smart middlemen like Myron Shyshlak of Seattle. Shyshlak bought Caterpillar hydraulic excavators from Belgium, imported them into the U.S. and sold them to Caterpillar dealers for as much as 15% less than Caterpillar was charging.

Little wonder that half the companies on our farm machinery list were taken over or closed down last year. J.I. Case acquired two International Harvester farm equipment plants while IH shut the other two. Klockner-Humboldt-Deutz A.G. of West Germany bought Allis-Chalmers' tractor operations. Ford bought out Sperry's.

The resulting inventory liquidation kept prices at give-away levels. Sales at industry leader Deere have fallen by $1.4 billion since 1980, to $4.1 billion last year.

What's easy to miss is how many inventories have been worked off and how many plants have closed—which pushes down break-even levels. For example, Massey-Ferguson still has an alarming debt, nearly five times equity. But it closed two plants in 1985 and intends to spin off 60% of its combine division to lenders. It might be in the black this year.

Deere is still slashing, too. Production was cut 21% last year, and salaries will be trimmed another $50 million this year. Caterpillar, with its 53,000 worldwide work force already down by 40% since 1979, expects to be 20% smaller in five years.

Some strong players stood against the tide. In industrial machinery, Ex-Cell-O's earnings increased by 9%. Major reason: Detroit is using more plastic in cars, and Ex-Cell-O is one of the auto industry's leading suppliers.

But most merely survived. Deere is getting by on sidelines like power lawn mowers—a nice $600 million business—and military contracts ($40 million). Caterpillar is moving down in the market with a new backhoe loader for small contractors, a major move that throws it up against the likes of Deere and Tenneco's J.I. Case.

Diversified Ametek is trying to move into less competitive areas by acquiring specialized instrument companies like Panalarm and the CAD/CAM operations of Bausch & Lomb. But Ametek has a relatively strong cash position; not all these companies can make acquisitions.

One source of satisfaction: As the dollar fell and the yen rose, it put a crimp in the plans for world conquest of Caterpillar's archrival, Komatsu. The Japanese giant had to raise prices 5% to 10% late in the year and was penalized by the EEC for dumping in Europe. ■

Heavy equipment

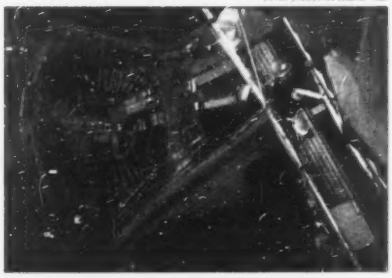
Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Parker-Hannifin	55/56	16	14.2%	14.7%	22.4%	5.5%	7	6.6%	8.1%	15	–5.9%	–2.0%	very low
Stanley Works	40/42	17	14.0	16.6	16.7	6.3	11	4.4	6.9	11	1.6	7.5	very low
Ex-Cell-O	30/ 8	18	13.3	12.1	10.8	4.9	17	1.6	3.1	10	2.0	9.0	low
Colt Industries	52/38	19	12.3	39.8	36.3	7.6	37	–5.6	1.6		NM	24.8	NM
Harsco	47/37	20	12.1	14.2	29.1	4.8	25	–0.3	29.3	18	–7.2	54.5	low
Norton	•/•	21	11.6	8.4	25.7	4.4	24	–0.2	–0.2	22	–16.4	–14.8	average
Cincinnati Milacron	•/•	22	11.3	def	37.1	def	36	–5.5	7.4		NM	P–D	NM
Bearings	•/•	23	10.6	7.8	33.2	2.1	6	7.0	4.4	21	–10.8	–15.2	average
Amsted Industries	31/30	24	9.6	7.9	0.0	4.2	40	–10.1	11.9		NM	20.2	NM
Eagle-Picher Inds	66/72	25	8.9	10.8	27.0	4.0	20	1.0	–1.3	13	–4.4	–1.5	very low
Textron	40/37	26	8.8	14.7	16.0	3.3	27	–2.1	80.7	16	–6.4	84.5	low
Foxboro	•/•	27	8.7	0.0	6.8	0.0	16	1.7	3.6	28	–34.1	–98.0	average
McDermott Intl	43/PD	28	7.9	def	60.9	def	28	–2.3	10.1	23	–16.6	P–D	very low
Easco	34/DP	29	7.3	def	84.6	def	2	10.3	–28.1		NM	D–D	NM
Stewart-Warner	83/88	30	6.8	5.4	0.2	3.3	38	–5.6	–6.2	26	–19.6	–12.0	high
Libbey-Owens-Ford	42/NA	31	6.6	14.1	39.4	4.0	8	5.2	12.0	5	7.7	0.7	very low
Stewart & Stevenson	89/•	32	6.5	3.7	47.6	1.2	34	–4.6	11.5		NM	D–P	NM
Timken	70/84	33	6.4	1.2	11.4	0.9	35	–5.4	–1.9		NM	–81.8	NM
Ingersoll-Rand	•/•	34	6.3	7.0	44.3	2.7	29	–3.2	7.6		NM	D–P	NM
Rexnord	•/•	35	6.3	8.0	49.8	3.1	33	–4.3	23.4	27	–31.0	75.3	average
Dayco	41/37	36	5.4	8.4	84.9	1.6	15	2.6	3.9	24	–17.2	–25.7	low
Midland-Ross	41/30	37	1.5	def	69.4	def	31	–3.7	–17.2		NM	P–D	NM
Chicago Pneumatic	•/•	38	0.5	6.0	23.1	1.8	32	–4.3	0.5		NM	–32.6	NM
Chromalloy American	32/89	39	def	def	83.6	def	43	–12.5	–3.2		NM	D–D	NM
Harnischfeger	25/33	40	def	3.1	92.5	1.6	42	–11.2	18.8		NM	34.6	NM
General Refractories	70/54	41	def	11.4	349.4	0.7	41	–10.2	–2.7		NM	–69.1	NM
Allis-Chalmers	•/DD	42	def	def	180.7	def	39	–9.7	–27.6		NM	D–D	NM
Masco Industries	24/30		NA	20.8	239.7	4.8	4	8.7	9.3		NA	NA	NA
Medians			**11.5**	**10.1**	**27.0**	**3.9**		**0.6**	**3.1**		**–13.6**	**–8.0**	
Industry medians			**8.9**	**8.2**	**29.3**	**2.9**		**–0.4**	**3.1**		**–19.6**	**–13.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

• 90% or more **DE:** Segment deficit, total deficit **EP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Three-year average For further explanation, see page 50.

INDUSTRIAL AND OFFICE SERVICES

There are some terrific earnings performers here. And some that aren't as good as they look.



Lynn Johnson/Black Star

By Edward F. Cone

CHECK PROCESSORS, TRASH HAULERS, building cleaners, office temp agencies, solid waste disposal and pollution control firms—what do they all have in common?

These companies don't make anything. Instead they provide a service. In a way, they're a microcosm of the smokestack-to-service shift of the U.S. economy.

There are some sparkling performers here. ServiceMaster Industries, for example, the leader in industrial ser-

Industrial and office services

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Industrial services													
ServiceMaster Inds	●/●	1	43.1%	46.9%	0.0%	3.4%	4	19.8%	16.8%	2	21.7%	10.1%	very high
PHH Group	●/●	2	23.1	18.4	21.5	5.4	3	23.4	41.2	4	17.5	11.5	very high
Tyco Laboratories	31/19	3	22.9	18.2	8.2	4.9	2	24.5	-4.9	8	-1.1	-6.0	very low
Waste Management	●/●	4	22.2	18.2	55.2	10.4	1	26.6	31.2	1	22.5	21.3	very high
Browning-Ferris Inds	●/●	5	21.2	22.4	23.0	9.5	5	16.2	16.7	3	21.3	19.3	very high
National Service	26/NA	6	19.5	18.1	2.5	5.7	8	7.7	11.0	6	9.3	10.0	very high
Johnson Controls	51/46	7	14.4	14.7	23.8	4.4	7	8.1	25.4	5	9.3	1.9	average
Gelco	●/●	8	14.4	10.8	670.2	2.2	6	15.0	8.1		NM	73.4	NM
Rollins	●/●	9	10.8†	53.4	63.5	5.7	10	1.0‡	9.4	7	3.5‡	10.9	very low
Research-Cottrell	87/●	10	7.3	def	28.6	def	9	4.8	3.1	9	-14.5	P-D	very low
Medians			**20.4**	**18.2**	**23.4**	**5.2**		**15.6**	**13.9**		**9.3**	**10.5**	
Office services													
Comdisco	●/●	1	31.6%	30.3%	139.9%	9.9%	1	21.2%	8.3%	1	29.7%	101.9%	average
Kelly Services	●/●	2	24.2	28.7	0.0	3.7	4	12.5	21.1	5	9.0	23.7	average
Herman Miller	●/●	3	21.6	26.0	28.4	8.2	3	16.5	16.1	3	17.2	24.1	very high
Automatic Data	●/●	4	19.4	17.6	29.0	8.6	2	18.9	15.3	4	14.0	16.4	very high
Moore Corp	●/●	5	15.8	17.6	6.7	6.9	8	4.0	2.9	7	-0.7	39.8	very low
Dennison Mfg	45/49	6	14.8	11.8	22.4	4.1	5	8.5	-2.8	6	4.4	-21.1	low
Bell & Howell	69/73	7	11.0	15.1	43.5	4.2	7	4.2	5.6		NM	2.8	NM
Esselte Business Sys	●/●	8	10.7	13.2	34.1	4.9	6	7.7	9.8	2	26.7‡	-1.3	high
Parker Pen	83/●	9	7.7	10.3	20.5	1.3	9	3.1	14.3		NM	17.0	NM
Nashua	30/31	10	4.0	11.9	37.9	2.5	11	-2.1	2.6		NM	-21.0	NM
Savin	●/DD	11	def	def	197.4	def	10	-0.1	6.9		NM	D-D	NM
Medians			**14.8**	**15.1**	**29.0**	**4.2**		**7.7**	**8.3**		**4.4**	**16.4**	
Industry medians			**15.8**	**17.6**	**28.4**	**4.9**		**8.5**	**9.8**		**9.0**	**10.9**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**-6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four-year average ‡Four-year growth For further explanation, see page 56

It's
IRA season.
Do you know
what you're
hunting for?

Your IRA is perhaps the most important investment you'll ever make. Surprisingly, many short-sighted investors approach it like a wild game hunt.

The Strong Total Return Fund provides an appropriate long-term vehicle for your IRA. The Fund strives for profit during periods of growth; income during periods of uncertainty. How? By *flexibly* adjusting the Fund's portfolio among stocks, bonds, and money market securities — to realistically meet changing market conditions. Strong's disciplined, responsible approach seeks the highest total return consistent with reasonable risk.

If your long-term goals are serious rather than sporting, call or write Strong today.

- Easy one-step IRA and Keogh purchase and transfer.
- Low $250 minimum initial investment.
- Personal attention from an expert staff.
- Average annual compounded return from 12/31/81 (inception) through 11/30/85: +26.1% for a total 47-month return of 145.7% (assuming reinvestment of all dividends).

STRONG A strong foundation for your future.

Call toll free 1 800 368-3863

Or mail the coupon today.

YES, send me a FREE fact kit with prospectus and more details on the Strong Total Return Fund and IRAs — including information on charges, expenses, and 1% sales charge (no redemption fee). I'm aware net asset value per share will fluctuate over time and past performance isn't a guarantee of future success. (Read prospectus carefully before investing.)

Name_____

Address_____

City_____ State_____ Zip_____

FB601

STRONG TOTAL RETURN FUND

c/o Strong Corporation Capital Management, Inc.
815 East Mason Street, Milwaukee, WI 53202

One service company, Bell & Howell, is having a hard time letting investors know what business it's in. The company hasn't made cameras since 1979 but people still think of it as "an aging camera company," says Jan Loeb of L.F. Rothschild.

vices, has a five-year return on equity of 43.1%. That's first among the 21 companies in this industry. It has topped that five-year figure in each of the last two years and without a penny of debt.

Or take Kelly Services, second in office services. Kelly had a 28.7% ROE last year, again with no debt—while computer leaser Comdisco, number one there, is bloated with it. Another company whose ROE is artificially high because of heavy debt is Gelco, the vehicle leaser.

ServiceMaster's main business is cleaning hospitals. It may be one of the few companies to benefit from the health care industry's current problems *(see p. 154)*. Hospital companies are trying to cut costs and increase efficiencies, and one way is to contract out housekeeping services.

But ServiceMaster has also gone into schools and factories, which accounted for 25% of its $916 million annualized revenues in 1984. "We're at the front of the curve," boasts President C. William Pollard. "The total education market is about $14 billion. We've gone from zero to $160 million there in under five years."

Kelly owns and operates all its office temp outlets, while its chief competitor, Parker Pen's Manpower, often franchises. Kelly should grow at 16% to 17% this year, says Merrill Lynch analyst Jerry Levine.

One service company, Bell & Howell, is having a hard time letting investors know what business it is in. The company hasn't made cameras since 1979, and now gets its revenues from such services as information storage and document processing. But people still think of B&H as "an aging camera company," says L.F. Rothschild analyst Jan Loeb, who thinks the stock (recently 32⅝) is undervalued as a result.

Savin, one of four companies on our list to post a deficit, had losses because of the expense of staying competitive in the cutthroat copier business. As a result, Savin is planning to dump its 8000 series copier in 1986.

Automatic Data Processing, which does payroll checks as well as accounting and tax services for businesses, is a consistently profitable company that failed to match its five-year return on equity of 19.4% last year. But that was because the company increased spending on payroll national accounts and on-site accounting software. And the company's earnings rose despite the drop in ROE. Its automatic teller machine division generated profits for the first time in 1985 and should help more this year. ■

INSURANCE

S. Rosenfeld International Stock Photos

The turnaround finally came. But that six-year stomachache won't go quickly.

By Richard Morais

REMEMBER THE $906 MILLION Fireman's Fund public offering last October? It was initially priced at 25¼ a share, but investors oversubscribed it and drove the price up to 32¼ within a month.

How times change. Two years ago Fireman's Fund, then owned by American Express, was in terrible shape, losing $458 million pretax in just three years.

Why the rush to buy the stock when American Express sold it? Because people felt that the bad news was over and the good news about to flow.

After six bad years the most severe down cycle in the industry's history seems to be ending. In 1985 property and casualty insurance premium rates climbed 50%, with some specialty lines up 400%. And the speculative frenzy

Insurance

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Brokers													
Marsh & McLennan	69/76	1	23.0%	41.0%	2.8%	11.9%	1	14.7%	21.3%	1	–7.2%	102.4%	low
Alexander & Alexander	85/•	2	9.8	def	79.2	def	2	9.4	51.5		NM	D–D	NM
Medians			**16.4**	**5.6**	**41.0**	**3.2**		**12.1**	**36.4**		**–7.2**	**102.4**	
Diversified													
Loews	67/DP	1	22.1%	27.4%	20.1%	9.3%	17	5.4%	19.5%	1	12.3%	48.7%	average
Teledyne	28/NA	2	21.3	24.6	92.4	8.6	20	3.5	–3.4	6	3.1	33.6	very low
Cincinnati Financial	•/DD	3	19.7	13.0	3.7	8.8	11	10.4	20.0	2	10.7	1.2	very high
American Intl Group	•/•	4	19.0	10.0	16.7	5.6	6	13.2	21.9	4	6.9	–25.4	low
Combined Intl	•/•	5	18.6	18.3	3.8	11.5	4	15.0	6.2	7	3.0	17.7	low
Old Republic Intl	•/•	6	18.3	13.0	19.3	6.5	15	5.9	71.9	5	5.5	–11.1	high
American Express	30/DP	7	18.0	15.3	83.3	4.8	2	21.9	22.1	8	1.8	61.5	low
Farmers Group	•/•	8	17.8	16.6	0.2	18.2	3	16.1	10.8	3	9.0	12.7	very high
General Re	•/•	9	17.4	2.8	1.2	2.0	5	14.9	16.0	15	–7.6	–70.0	very low
American General	•/DP	10	14.3	13.2	12.2	8.3	1	22.3	11.3	9	1.6	21.4	very low
CNA Financial	•/DD	11	13.8	9.8	2.9	3.5	16	5.9	19.5	16	–9.7	–13.1	low
Safeco	•/•	12	12.9	9.5	37.8	4.9	13	8.4	18.4	11	–1.9	–24.1	very low
Transamerica	63/1	13	12.9	8.0	147.1	2.4	19	4.9	25.6	14	–7.3	6.5	very high
Travelers	•/•	14	12.1	7.9	1.9	1.9	10	11.4	11.6	13	–6.2	–22.2	high
Kemper	•/DD	15	11.5	5.9	20.5	1.8	7	12.9	30.8	17	–23.1	63.4	high
Lincoln National	•/•	16	10.9	11.1	14.9	3.8	8	12.4	9.1	10	1.0	–0.7	very low
ITT	29/DP	17	10.6	6.9	42.9	3.4	21	–6.9	–14.2	12	–5.1	–9.7	very low
Aetna Life & Cas	•/•	18	9.8	6.9	10.3	1.7	18	5.3	17.3	19	–39.9	36.4	very high
Colonial Penn Group	•/68	19	9.3	13.5	0.0	3.8	9	11.8	5.2		NM	3.3	NM
Cigna	54/DD	20	6.6††	3.1	7.0	1.1	12	9.3	14.9		NM	60.3	NM
Continental Corp	•/DD	21	6.1	5.2	12.7	2.3	14	6.6	6.6	18	–34.3	477.1	high
Beneficial Corp	28/DP	22	4.4	9.0	399.3	4.0	22	–7.7	–13.6		NM	–18.2	NM
Medians			**13.4**	**9.9**	**13.8**	**3.9**		**9.9**	**15.5**		**–3.5**	**4.9**	
Life and health													
ICH	•/•	1	25.6%	31.3%	258.6%	4.9%	3	47.1%	255.2%	2	29.4%	53.1%	high
First Executive	•/•	2	22.5	10.7	0.0	2.8	1	58.1	103.9	1	44.4	12.7	very high
Business Men's Assur	80/64	3	14.1	13.2	12.4	9.3	9	8.9	1.1	6	8.7	23.6	average

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year growth. ††Three-year average. For further explanation, see page 56.

over the Fireman's Fund offering was not unique. Companies like General Re, American International Group and Travelers Corp. have raised more than $5 billion in the markets during the last year. By November insurance stocks were up as much as 42%, vs. 18% for the S&P's 500.

The severe downturn left scars, however. "Our industry's failure to be economically prudent in the last down cycle seriously weakened the capital structure of some companies," says Daniel McNamara, president of the Insurance Services Office.

This is true. The industry lost $4.5 billion in pretax operating income last year. There were more insolvencies in 1984-85 than in any other two-year period since state guaranty funds were formed in 1969. The National Association of Insurance Commissioners says 15% of the companies that filed in 1984 needed regulatory action. "Going into some companies and looking at their financials today is like looking under rocks," says Bruce Foudree, NAIC president.

Mission Insurance, 50%-owned by Carl Lindner's American Financial Corp., was placed in conservatorship by California's insurance department. Xerox was forced to infuse $200 million into its Crum & Forster. USF&G and St. Paul Cos. were hurt by hurricane losses. Even stellar performer Geico's 12-month ROE was 44% below its five-year performance.

Also, while the equity offerings replenished coffers, reserves caused concern. McNamara estimates that general liability lines are underreserved 40%; medical malpractice, 70%. Wall Street figures reserves for all lines fall short by 6% to 15%.

Nor have the basic causes of the downturn been removed. Until the nation finds ways to curb the mounting wave of outrageous court awards to plaintiffs, it is difficult to see how any insurance turnaround can last. Higher rates will be followed by higher damage awards and the cycle will begin all over again.

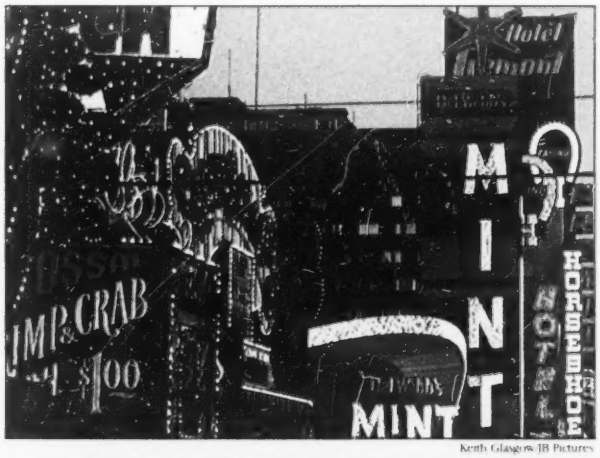
As a society we suffer a vicious case of litigationitis. The insurance industry is caught squarely between greedy lawyers, softheaded jurors and consumers who object to ever-rising insurance bills. It is a crisis for which no end is in sight. ■

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Capital Holding	•/•	4	14.1%	13.1%	27.8%	6.5%	4	31.3%	14.2%	7	8.6%	2.2%	very high
Provident Life & Acc	•/•	5	14.0	13.6	0.0	6.6	10	7.3	21.7	8	7.8	7.9	high
Torchmark	80/•	5	14.0	19.4	20.4	11.9	6	26.4	0.0	3	14.2	35.6	very high
American Family	•/•	7	13.4	18.2	9.1	5.6	8	17.5	12.8	9	6.8	23.7	very low
Jefferson-Pilot	•/•	8	12.9	15.8	0.0	17.7	11	4.9	6.6	5	10.1	51.6	average
USLife	•/•	9	10.8	2.0	19.6	2.1	13	4.2	–1.4	15	–21.9	–78.5	average
Life Investors	•/•	10	10.8	10.7	13.2	4.5	7	23.7	17.3	4	11.0	11.9	average
American Natl Ins	•/NM	11	10.7	7.3	0.0	11.0	12	4.2	4.2	10	6.2	–7.5	average
Monarch Capital	•/•	12	10.7	10.0	0.0	3.3	5	28.0	37.3	11	–1.1	–11.3	very low
Washington National	•/•	13	8.6	2.1	3.0	1.1	16	–2.4	–4.4	14	–20.1	–63.5	very high
Northwestern Natl Life	•/•	14	7.4	4.5	26.6	1.1	2	57.3	63.4	12	–11.0	–52.7	low
Equitable of Iowa	58/•	15	7.0	4.3	9.2	2.6	15	2.7	4.9	13	–15.0	–10.2	average
Kaufman & Broad	39/41	16	4.7	14.5	82.4	4.7	14	3.3	33.5		NM	72.1	NM
Medians			**11.9**	**11.9**	**10.8**	**4.8**		**13.2**	**13.5**		**7.3**	**9.9**	
Property and casualty													
Geico	•/•	1	34.1%	19.1%	44.5%	7.0%	7	7.1%	20.4%	3	10.3%	–13.9%	high
Fremont General	88/DD	2	20.3	113.5	61.8	26.3	1	15.5	–18.4		NM	D–P	NM
Universal Leaf	19/7	3	19.0	18.3	3.2	3.9	14	1.9	12.9	4	9.6	4.8	very high
Hanover Insurance	•/•	4	13.7	3.0	0.0	1.2	4	8.9	24.5	6	–13.8	–54.5	low
Ohio Casualty	•/79	5	13.6	6.4	0.0	2.9	11	4.2	11.3	7	–15.9	8.8	high
Chubb	73/DP	6	12.8	7.3	20.7	3.0	2	10.9	25.2	5	–12.6	9.1	high
USF&G	•/DD	7	12.5	def	0.0	def	10	4.6	28.2	8	–16.0	P–D	high
Xerox	20/NA	8	12.2	4.3	35.5	2.6	13	3.4	0.4	9	–20.2	–40.0	high
Sears, Roebuck	19/31	9	10.6	10.7	87.4	2.9	3	10.4	4.6	2	13.5	–19.9	average
Berkshire Hathaway	28/22	10	8.4	7.0	10.0	11.0	5	8.7	26.0	1	15.0	11.8	high
St Paul Cos	•/DD	11	7.7	def	8.5	def	8	6.3	1.2		NM	D–D	NM
Mission Insurance	•/DD	12	def	def	835.3	def	6	7.2	–4.4		NM	D–D	NM
Fireman's Fund	•/DD		NA	def	0.0	def	9	5.7‡	0.8		NA	NA	NM
Home Group	88/DD		NA	NA	28.5	def	12	3.7	–4.9		NA	NA	NM
Medians			**12.7**	**6.4**	**15.4**	**2.8**		**6.7**	**8.0**		**–14.9**	**–19.9**	
Industry medians			**12.9**	**10.0**	**12.6**	**3.8**		**8.8**	**13.6**		**–3.5**	**3.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

• 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful ‡Four-year growth ††Three-year average For further explanation, see page 56

LEISURE AND RECREATION

Variety might put it this way: Shows bomb, sharks boffo.



Keith Glasgow/JB Pictures

By Matthew Heller

THE BUSINESS OF MAKING MOVIES wasn't much to shout about in 1985. But the business of making moves on movie companies was a smash.

With only a couple of blockbuster films—Universal's *Back to the Future* and *Rambo: First Blood Part II* from TriStar Pictures—overall box office receipts were down about 6%. The leverage on that is considerable in this business: a 53% decline in industrywide earnings.

Rupert Murdoch and Ted Turner made bigger news. Murdoch bought Twentieth Century-Fox and Turner bought MGM (maybe). Rumored targets for 1986: Warner Communications and industry profits leader MCA.

What's the attraction? Huge assets in the form of lucrative film libraries and TV series syndication deals. Out of that, a rich crop is ready for harvest this year.

Analyst Alan Kassan of First Manhattan Co. estimates

Leisure and recreation

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Entertainment													
General Cinema	38/34	1	34.5%	34.5%	114.6%	12.9%	5	6.9%	–0.1%	1	43.0%	76.2%	very high
CBS	32/19	2	13.7	0.3	23.9	0.2	7	5.1	–4.0	4	–3.1	–98.0	very low
MCA	69/72	3	13.4	9.5	9.0	5.9	6	6.1	27.2	3	–2.7	14.4	very low
MGM/UA Enter	●/●	4	13.2	def	107.7	def	1	39.4	–7.3	2	–0.3	P–D	very low
Gulf & Western Inds	32/18	5	9.3	12.6	49.7	14.0	8	–5.9	–59.9		NM	–7.3	NM
Bally Manufacturing	70/NA	6	9.1	def	168.8	def	2	26.4	–1.3		NM	P–D	NM
Walt Disney	81/66	7	8.4	15.0	73.7	8.6	3	14.6	21.7	5	–25.4	500.0+	high
Warner Communication	●/●	8	def	def	148.0	def	4	8.2	–42.4		NM	D–D	NM
Medians			**11.3**	**4.9**	**90.7**	**3.1**		**7.6**	**–2.7**		**–14.3**	**–52.7**	
Hotels and gaming													
Marriott	46/49	1	22.2%	22.4%	165.1%	4.0%	2	19.3%	15.7%	1	19.8%	24.4%	very high
Hilton Hotels	●/●	2	21.0	19.3	46.5	17.5	8	4.9	2.4	5	1.6	32.6	very low
MGM Grand Hotels	72/NA	3	18.7††	NE	143.4	4.4	9	3.6	6.0	6	–19.5	38.9	very high
Transworld	33/35	4	16.2††	17.6	27.9	5.6	5	7.3	1.7	2	15.5	7.0	average
Caesars World	●/●	5	14.5	16.3	104.5	4.8	3	16.1	6.5		NM	62.1	NM
Holiday	●/●	6	13.3	16.1	77.1	7.6	6	6.5	5.4	4	9.8	36.3	low
Bally Manufacturing	29/NA	7	9.1	def	168.8	def	1	26.4	–1.3		NM	P–D	NM
Resorts Intl	●/●	8	8.6	def	392.2	def	7	4.9	1.4		NM	P–D	NM
Del E Webb	26/1	9	5.5	13.0	67.1	5.1	10	–4.2	–32.3	3	9.9	29.3	low
Ramada Inns	●/●	10	def	3.9	130.5	1.6	4	13.3	2.4		NM	44.4	NM
Medians			**13.9**	**14.6**	**117.5**	**4.6**		**6.9**	**2.4**		**–9.0**	**31.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful. †Four-year average ††Three-year average. For further explanation, see page 56.

that the six TV shows MCA currently produces and syndicates, plus the three for which it has syndication rights, will bring $600 million in initial syndication. *Miami Vice* alone should go for $2 million an episode. Gulf & Western's Paramount is also sitting on a gold mine in *Cheers*, *Family Ties* and *Webster*, all due for syndication by 1988.

Casino owner Bally acquired MGM Grand Hotels' Las Vegas and Reno operations for $440 million. That allowed it to diversify out of Atlantic City, where growth is slowing. The eastern casinos' profits declined by around 45% last year, even though revenues were up 10%.

The reason: The Boardwalk is getting crowded. New York real estate developer Donald Trump's $320 million Trump Castle was the latest to arrive.

Atlantic City must improve the infrastructure, argues Dennis Forst, an analyst at Seidler Amdec Securities. Not only is the transportation inadequate but there aren't enough parking places or hotel rooms to service the casino capacity.

In resurgent Las Vegas, casino *winnings* rose about 12%, double the five-year average. That's why Bally's move is smart. It enters a buoyant market with a prime location on the Strip opposite Caesar's Palace, Vegas' most successful casino.

Parent Caesars World is now sitting on such a huge pile of cash—*an estimated* $75 million—that Chairman Henry Gluck is considering acquiring a hotel chain. Steve Wynn of the Golden Nugget tried that last year, but Hilton International beat him off. Hilton is still considered a target.

Gluck would be moving into an industry that offers no great prospects this year. Hotel occupancy in 1985 was a mediocre 66%, and room rates rose only 7%, less than expected. Market segmenting by big hotel chains and tax shelter syndication deals (FORBES, *Oct. 7, 1985*) flooded the market with 50,000 additional rooms last year.

There may be more. Holiday Corp., for one, wants to move out of its middle-class market both ways—up to luxury hotels at one end (Holiday's Embassy Suites chain) and down to no-frills budget at the other (Hampton Inns).

But you can't easily turn an existing Holiday Inn into a luxury hotel, or strip it down, either; you have to build a new hotel. Once built, says John Rohs, an analyst at Wertheim, "it takes two or three years before it makes any meaningful contributions to earnings."

New products are the lifeblood of toy and sports equipment companies. For example, Hasbro's sales rose, thanks to full-year results for Milton Bradley, acquired in late 1984. But its profits owe more to GI Joe and to Transformer, the robot you can twist into trucks and spacecraft.

Hasbro's Transformer proves that you need standout new products to overcome sluggish demand in leisure industries. Sports and recreational equipment makers failed to come up with many. Even Brunswick, whose earnings had been surging for the last two years, suffered from flat sales.

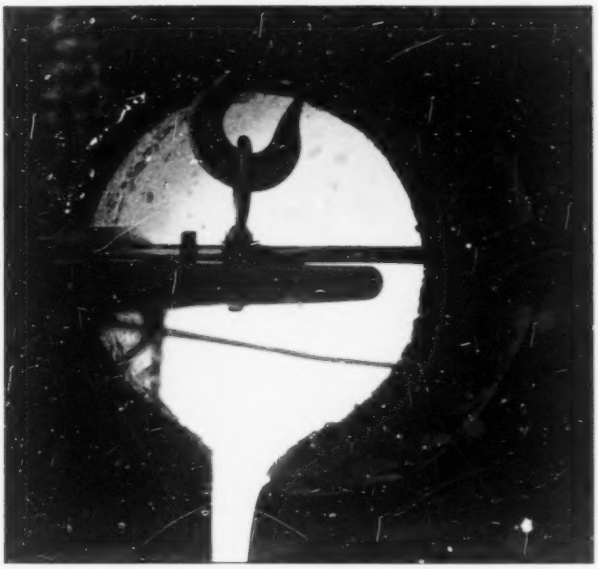
This year could be better. Toymakers are planning new lines, such as Coleco's Furskins, which the company hopes will be a bearlike successor to its Cabbage Patch Kids. Polaroid has a new instant camera aimed at a younger, more affluent audience. And the 35mm makers, which have hurt Polaroid in recent years, are coming out with dual-lens cameras. Look for Kodak to enter this market in the spring. ■

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Recreation													
Brunswick	73/75	1	24.7%	20.9%	23.9%	6.5%	2	2.3%	5.0%	2	46.2%	5.6%	average
Fuqua Industries	28/27	2	20.7†	17.9	114.0	3.7	3	–14.8	11.2		NM	–8.5	NM
Outboard Marine	79/●	3	9.8	8.0	24.8	3.3	1	4.3	–4.5	1	49.6	–42.4	high
Medians			**20.7**	**17.9**	**24.8**	**3.7**		**2.3**	**5.0**		**46.2**	**–8.5**	
Photography													
Eastman Kodak	78/81	1	15.8%	10.4%	5.7%	6.9%	1	4.6%	1.5%	1	–7.4%	–5.9%	low
Polaroid	●/●	2	4.7	2.3	13.6	1.7	2	–2.5	–2.9	2	–8.5	–48.5	very low
Medians			**10.3**	**6.4**	**9.7**	**4.3**		**1.1**	**–0.7**		**–8.0**	**–27.2**	
Toys and electronics													
Hasbro	●/●	1	31.8%	29.1%	43.5%	8.2%	2	37.5%	111.0%	1	65.0%	42.3%	high
Coleco Industries	●/●	2	18.0	def	1273.3	def	1	47.7	21.9		NM	D–D	NM
Mattel	●/●	3	def†	77.1	137.5	6.2	3	–1.4	43.7		NM	D–P	NM
Medians			**18.0**	**29.1**	**137.5**	**6.2**		**37.5**	**43.7**		**NM**	**42.3**	
Industry medians			**13.4**	**11.5**	**90.8**	**4.6**		**6.3**	**2.1**		**–8.0**	**5.6**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful †Four-year average ††Three-year average For further explanation, see page 56.

METALS

Protectionism won't help. The lesson: Cut your costs or die.



By Kerry Hannon

IN OTHER INDUSTRIES, the question is, who will the winners be? In metals, the despairing question is, who will the survivors be?

Only 1 of the 36 companies on our lists, Worthington Industries, has a positive five-year growth rate in earnings per share. It's a fair bet that many of these companies won't see the 21st century.

Two, Revere Copper and Wheeling-Pittsburgh Steel, have already been in Chapter 11. Others will survive only by shrinking drastically or by going into unrelated businesses. U.S. Steel has shut 24% of its capacity in the past six years. It is now an oil and gas company with a steel sideline.

The trouble in steel is very basic and will be around for a

Metals

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Nonferrous metals													
Engelhard	77/41	1	17.8%	10.2%	12.7%	2.2%	6	0.1%	–4.8%	1	–0.2%	0.6%	very low
Handy & Harman	45/42	2	15.9	7.6	78.1	1.8	8	–3.2	–7.5	2	–10.6	–26.0	low
Alcan Aluminium	■/■	3	10.5	def	45.3	0.0	3	3.0	2.2	4	–38.0	P–D	average
Newmont Mining	52/DP	4	9.0	1.8	14.6	3.8	9	–4.0	–10.3	3	–32.4	–30.7	high
Alcoa	86/●	5	8.4	2.7	47.4	1.7	4	2.6	–8.6		NM	–76.3	NM
Easco	59/NM	6	7.3	def	84.6	def	1	10.3	–28.1		NM	D–D	NM
Reynolds Metals	■/■	7	4.7	def	85.5	def	5	0.5	–7.7		NM	P–D	NM
Kaiser Alum & Chem	60/33	8	2.4	def	104.4	def	7	–0.1	–30.0		NM	P–D	NM
Asarco	82/63	9	def	def	65.0	def	11	–5.5	–20.6		NM	D–D	NM
AMAX	57/DP	10	def	def	61.0	def	10	–5.0	–14.1		NM	D–D	NM
Phelps Dodge	60/DD	11	def	def	68.5	def	13	–8.9	–5.9		NM	D–D	NM
Revere Copper	87/82	12	def	65.8	433.5	6.0	12	–7.9	–19.7		NM	D–P	NM
Inspiration Resources	44/DP	13	def	def	55.6	def	2	5.2	27.1		NM	D–D	NM
Inco	■/■	14	def	3.5	77.2	3.9	14	–15.6	4.8		NM	D–P	NM
Medians			**3.6**	**def**	**66.8**	**def**		**–1.7**	**–8.2**		**NM**	**P–D**	
Steel													
Worthington Inds	57/68	1	23.6%	20.2%	32.3%	5.4%	1	15.4%	11.8%	1	4.6%	14.9%	average
Nucor	●/●	2	18.5	18.8	14.4	7.6	4	7.1	16.1	4	–5.5	46.3	very low
Carpenter Technology	●/●	3	13.3	6.0	39.3	3.5	9	–1.6	–2.3	5	–11.7	–46.5	average
Earle M Jorgensen	●/●	4	11.4	4.8	15.6	2.7	19	–7.1	6.0	6	–19.4	–24.1	average

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful For further explanation, see page 56

long while: worldwide overcapacity. Not counting Communist countries, there is annual world capacity of 625 million metric tons and demand of only 440 million metric tons. Translated, that comes to a 70% operating rate.

"That is just too low for the steel industry to be very successful," says Donald Trautlein, chairman of the American Iron & Steel Institute and chairman of Bethlehem Steel. "In a capital-intensive industry—one that has high fixed charges—you ought to get up into an 80% utilization to be profitable."

The news isn't very different in aluminum. The number of producers worldwide has doubled since 1950, to about 40 today. More than a third of these are under their governments' control. Result: dumping, at desperation prices. Ingot aluminum goes for 50 cents a pound, down from 75 cents in 1983.

As recently as 1981, the U.S. was a net exporter of aluminum. Now net imports—imports less exports—are running 1.5 billion pounds, or 10.7% of U.S. consumption. William Siedenburg of Smith Barney predicts that this figure will increase to 12.5% for 1986.

Copper? The average producer's price is 67 cents a pound, down from an average 77 cents in 1983. Mines in Chile and Zambia are running full tilt so that these countries can pay off their foreign debt.

Will protectionism help? All such attempts will fail, says John Tumazos, an Oppenheimer & Co. analyst. Take steel, where import quotas are in force. Imports of steel-containing goods are increasing. General Motors has two car models being assembled in Japan, and Ford currently has one being manufactured in Germany. In addition, steel consumers are able to import cheaper, often subsidized, steel products that are slightly fabricated and thus not covered by the quotas.

Who, then, will survive? In steel, Worthington Industries has a brighter future than most, precisely because it doesn't deal with iron ore. It processes coils of steel produced by the big, financially troubled mills and melts down scrap for its steel foundry.

Nucor Corp. is another likely survivor. Like Worthington, it doesn't process ore. Nucor makes products like construction joists and angles out of scrap. Both companies have largely nonunion work forces with a significant percentage of wages in productivity bonuses or profit-sharing payments.

Some processors and distributors will be survivors: Engelhard and Handy & Harman in precious metals and Earle M. Jorgensen and Central Steel & Wire in base metals. And manufacturers in narrow market segments, such as Carpenter Technology in specialty metals and Timken in roller bearings.

What about the big producers? Trautlein's Bethlehem Steel, which has lost more than $1.9 billion since 1981, is making some headway. The company has cut the work force in half while paring output only 30%.

LTV Corp., the nation's number two steel producer, lost $648 million in the first nine months of 1985, mostly from the closing of its Aliquippa, Pa. plant. More permanent plant closings may be necessary at the integrated steel companies.

A weakening dollar will help fend off the imports. A brisker European economy would soak up some of the excess capacity. But the inevitable truth for primary metal producers here is: Get your costs down or die. ■

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Central Steel & Wire	•/•	5	11.3%	10.8%	0.0%	2.8%	12	–2.7%	–3.5%	3	–2.7%	–11.7%	very low
Athlone Industries	56/51	6	9.8	def	181.0	def	16	–2.4	–16.8		NM	P–D	NM
Interlake	•/•	7	7.7	9.1	34.9	3.6	18	–6.4	–13.3	2	–1.3	–23.1	very low
Timken	29/15	8	6.4	1.2	11.4	0.9	14	–5.4	–1.9		NM	–81.8	NM
Ampco-Pittsburgh	34/57	9	6.1	3.9	46.0	1.5	7	0.0	23.4		NM	119.4	NM
Cyclops	60/89	10	5.9	13.1	51.0	1.8	5	4.7	11.9		NM	58.5	NM
Copperweld	85/NA	11	3.7	def	54.3	def	16	–5.8	7.4		NM	P–D	NM
LTV	63/DP	12	2.3	def	152.1	def	8	–0.1	24.4		NM	D–D	NM
United States Steel	33/ 9	13	1.7	2.5	104.8	1.3	3	8.7	–0.6		NM	D–P	NM
Lukens	72/55	14	1.2	3.9	55.5	1.1	6	1.9	8.5		NM	500.0+	NM
National Standard	•,•	15	0.5	1.2	15.7	0.4	15	–5.5	–11.9		NM	–86.0	NM
Northwestern Steel	•/DD	16	def	def	14.2	def	22	–19.1	27.1		NM	D–D	NM
Inland Steel	•/•	17	def	def	72.7	def	11	–2.7	–12.2		NM	D–D	NM
National Intergroup	56/NA	18	def	def	15.4	def	21	–10.8	–57.9		NM	D–D	NM
Armco	52/40	19	def	def	74.5	def	13	–4.7	–11.2		NM	D–D	NM
Wheeling Pittsburgh	•/DD	20	def	def	148.4	def	17	–6.3	–18.0		NM	D–D	NM
Bethlehem Steel	88/DD	21	def	def	109.4	def	20	–7.4	–9.2		NM	D–D	NM
NVF	40/PD	22	def	def	NE	def	2	10.7	–4.4		NM	D–D	NM
Medians			**3.0**	**1.2**	**42.7**	**0.7**		**–2.7**	**–2.1**		**NM**	**–86.0**	
Industry medians			**3.1**	**0.6**	**54.9**	**0.4**		**–2.7**	**–5.4**		**NM**	**P–D**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

•/•90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful For further explanation, see page 56

NATURAL GAS

For 40 years natural gas prices were regulated at the wellhead. Look at the mischief it caused.

By Lisa M. Keefe

THE FREE MARKET IS COMING to some of the unlikeliest industries. First electric utilities (see p. 130), now natural gas. Ultimately it will be good for the consumer and good for the economy. But in the meantime it's painful.

With a huge bubble of oversupply hanging over the market, natural gas prices have been dropping for four years. Exploration has about stopped. Producer and pipeline margins have been badly squeezed.

Look at the tables. Earnings for producers and pipeliners were down 38.8% last year. Their return on equity was 7.2%, less than half their five-year averages.

Integrated companies, those with production, pipelines and distribution, were hurt less. Distributors—local gas utilities—were hurt least of all. Their earnings fell only 6.2%, and their return on equity actually exceeded historical averages. But their turn will come.

It all started in 1978, when Congress began deregulating natural gas at the wellhead after it had been controlled by the federal government for 40 years.

Gas prices doubled in three years. That got exploration and production going again, but turned off customers, who started switching to cheaper fuel oil. What had been a natural gas shortage turned into a surplus.

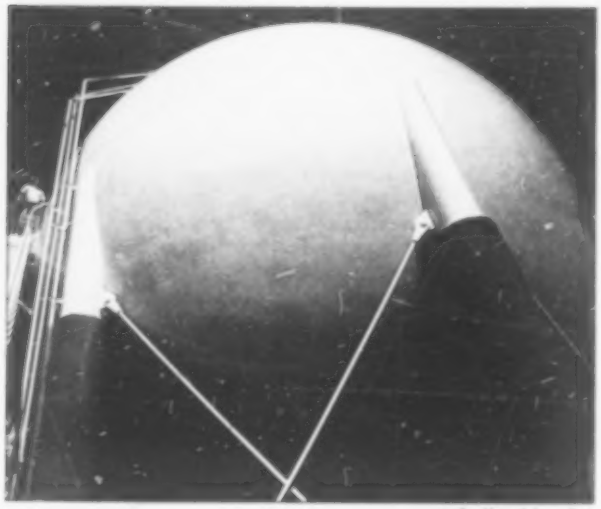
Producers and pipelines alike wanted to keep those customers. To do that, they had to be able to adjust prices

Natural gas

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Producers & pipeliners													
Texas Oil & Gas	•/NA	1	33.6%	18.4%	40.9%	16.2%	1	17.3%	–16.7%	1	28.9%	–20.0%	very high
Mitchell Energy	56/84	2	27.1	4.3	269.9	2.8	7	12.9	–7.9	11	–10.9	–66.0	low
Sonat	83/84	3	19.4	9.5	56.5	5.6	6	12.9	–8.7	2	14.7	–34.8	very high
Valero Energy	61/85	4	19.3	def	212.5	0.4	12	6.5	56.4		NM	D-D	NM
Transco Energy	•/83	5	18.6	2.8	96.0	0.7	2	17.2	–4.9	3	9.2	–81.3	average
United Energy	•/•	6	18.0	def	52.9	def	14	3.4	–17.6	12	–29.0	P-D	average
Panhandle Eastern	86/73	7	16.8	7.8	109.6	4.4	8	10.3	–1.6	8	–3.4	–22.0	very low
Texas Eastern	82/•	8	16.1	13.6	76.8	3.7	5	14.2	–3.6	7	–2.5	22.9	very low
Tenneco	28/26	9	14.6	6.6	75.4	3.1	13	4.8	1.3	10	–5.9	–42.7	average
MidCon	•/•	10	13.4	def	69.2	def	4	15.5	–2.2	5	6.1	P-D	high
Burlington Northern	45/19	11	12.8	13.4	50.4	7.2	3	16.7	7.8	4	7.6	7.9	average
Coastal Corp	NA/NA	12	12.8	15.8	191.6	1.6	11	6.9	6.6		NM	–4.9	NM
CSX	29/20	13	10.8	8.3	46.8	5.6	9	10.3	–5.1	6	–1.6	–19.5	very low
Williams Cos	76/82	14	10.2	3.6	145.6	1.5	10	9.0	–17.6	9	–4.5	–73.1	very low
Medians			**16.5**	**7.2**	**76.1**	**3.0**		**11.6**	**5.0**		**3.0**	**–38.8**	

•90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful For further explanation, see page 56



on a customer-by-customer basis as supply came back and prices fell. So, in 1983, with the Federal Energy Regulatory Commission's blessing, suppliers began selling gas directly to industries and utilities, with the pipelines carrying it for a fee.

These pipeline transportation contracts now cover about 25% of all gas in U.S. pipelines. They can account for up to 40% of operating income for companies such as Houston-based Transco Energy.

Most important, they have brought about a spot market in natural gas. "We sincerely believe the environment we're operating in now is market-driven," says Thomas F. McLarty, chairman of integrated Arkla, Inc.

The FERC wants to push the free market further by allowing transportation contracts for all utilities and industries, not just those that can switch to another fuel. Those that could switch, of course, were those the pipeliners and suppliers were in danger of losing. Customers that can't switch have to take the pipelines' natural gas, so they paid higher rates under long-term contracts.

Not surprisingly, the pipeliners are up in arms. The issue is yet to be settled. But no one doubts that change is here. In the old days the pipeline companies could simply tack a reasonable rate of return on the regulated wellhead price and take that to the FERC for approval. Now their profitability is at risk to market forces.

Take Texas Oil & Gas (which recently agreed to merge with U.S. Steel). It leads producer-pipeliners with a five-

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Distributors													
Equitable Resources	66/24	1	23.0%	16.5%	59.4%	11.3%	19	12.0%	–12.1%	2	19.6%	–32.2%	high
Entex	●/●	2	21.3	11.5	78.2	3.7	9	13.8	–9.6	14	9.2	–43.9	high
Commonwealth Energy	33/29	3	16.0	16.7	77.5	6.2	24	11.4	–3.6	3	14.0	–13.4	average
Diversified Energies	●/●	3	16.0	7.2	49.1	1.4	3	17.7	–0.8	17	8.9	–63.4	average
Iowa-Illinois G&E	50/13	5	15.9	15.6	85.4	11.1	30	11.0	–3.7	12	9.9	7.4	very high
Kansas Power & Light	65/22	6	15.8	15.4	82.2	6.3	1	33.3	–11.2	7	11.8	–11.4	very high
Wisconsin P&L	25/7	7	15.8	16.4	72.7	10.7	32	10.2	–2.4	8	11.7	17.0	very high
Brooklyn Union Gas	●/●	8	15.5	15.7	67.5	5.8	6	16.8	–0.8	23	7.0	7.7	very high
No States Power	22/7	9	15.4	15.1	84.1	10.5	18	12.1	0.1	6	13.3	–5.8	very high
Illinois Power	36/20	10	15.1	14.7	89.0	19.6	22	11.9	–7.5	18	8.6	–12.8	high
Wisconsin Public Svc	37/9	11	14.8	15.3	53.4	8.5	23	11.7	–2.1	15	9.2	–3.7	very high
Peoples Energy	●/●	12	14.7	19.8	76.8	4.9	35	8.5	–2.8	30	2.1	13.5	very low
Wisconsin Electric	23/8	13	14.6	15.6	58.7	11.1	31	11.0	–1.6	5	13.9	0.2	very high
Laclede Gas	●/●	14	14.4	18.0	51.1	4.7	13	13.2	–8.5	10	10.7	–3.3	average
Niagara Mohawk Power	23/10	15	14.2	14.2	85.1	14.0	14	13.1	–2.2	16	9.1	–10.7	very high
Rochester G&E	37/19	16	14.1	16.7	96.9	15.1	11	13.7	–4.3	4	13.9	7.3	very high

●: 90% or more. DD: Segment deficit, total deficit. DP: Segment deficit, total profit. PD: Segment profit, total deficit. D/D: Deficit to deficit. P/D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 56.

year average return on equity of 33.6%. But over the last 12 months it was little more than half that.

An inevitable result of the squeeze is consolidation. Last year Coastal Corp. of Houston acquired American Natural Resources of Detroit; Omaha-based InterNorth acquired Houston Natural Gas; and MidCon Corp., Chicago, itself now the target of a hostile takeover bid, acquired United Energy Resources, Houston. More mergers are expected.

Why have distributors been hurt the least? For a plain political reason. The utilities' customers are the public, and the regulators don't want those rates going through the roof. Historically, state public utility commissions have socked it to "big business"—industrial customers—and gone easier on residential customers.

But eventually the screws will tighten even on distributors, says Arlon Tussing, a Seattle-based energy analyst: "When the wellhead market has been squeezed down as far as it can go, and the market has squeezed out everything superfluous in pipeline margins, only then will they get the full brunt."

Meanwhile, the price of gas keeps falling. It has to stop sometime, but nobody is sure when that will be. Some in the industry think spot prices, which have fallen to around $1.80 per thousand cubic feet from as much as $3 in 1983, could go to $1.50 over the next six months. Then they should stabilize as the oversupply is worked off.

Unless, of course, oil prices continue to fall, taking gas prices with them. It isn't easy going out in the cold. ■

Natural gas

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Iowa Resources	32/ 5	17	14.0%	10.9%	164.1%	7.6%	12	13.3%	–5.0%	28	4.5%	–21.0%	average
Pacific G&E	34/29	18	13.9	15.8	86.1	12.3	27	11.2	15.2	19	8.4	12.9	high
Orange & Rockland	26/13	19	13.7	13.2	66.5	7.4	16	12.7	–3.8	24	6.6	–5.3	very high
Baltimore G&E	31/10	20	13.7	14.6	78.9	13.6	25	11.3	–0.6	11	10.4	–7.3	very high
Scana	33/14	21	13.2	14.6	114.9	10.0	8	15.6	3.7	20	8.0	–6.3	high
Central Ill Pub Svc	24/ 4	22	13.2	11.4	78.0	10.0	29	11.0	0.7	26	5.2	–4.7	average
Dayton Power & Lt	30/ 4	22	13.1	12.8	90.3	11.6	17	12.4	–1.6	27	5.1	11.5	low
Montana Power	27/27	24	12.9	9.8	104.9	11.4	37	5.9	10.3	33	–2.3	3.1	very low
Cincinnati G&E	36/ 6	25	12.7	14.2	99.8	10.8	20	12.0	–2.5	31	2.0	15.5	very low
Public Service Colo	32/NA	26	12.7	12.7	78.8	7.5	9	13.8	–0.3	13	9.5	–6.0	high
Louisville G&E	35/ 9	27	12.6	14.0	86.0	10.9	15	13.1	1.1	21	7.0	2.4	average
Public Service E&G	32/11	28	12.4	14.0	82.8	12.1	28	11.2	2.4	25	6.2	–2.5	average
Washington Gas Light	•/•	29	12.3	14.5	85.0	5.3	5	17.2	–10.8	9	11.0	–6.8	high
Wicor	77/75	30	10.8	12.0	74.4	2.6	2	17.9	–2.2	29	2.8	–26.6	very low
Eastern Gas & Fuel	46/59	31	10.6	def	72.0	def	36	8.4	–3.7	35	–16.7	P–D	average
Atlanta Gas Light	•/•	32	10.5	11.7	99.3	2.5	4	17.4	–5.0	21	7.0	–19.1	low
Consumers Power	46/20	33	10.1	1.8	109.9	2.4	33	9.5	0.0	34	–13.7	P–D	average
UGI	56/87	34	9.3	7.3	54.7	3.4	7	16.0	–10.7	36	–34.0	–2.1	average
No Indiana Pub Svc	50/14	35	8.7	6.8	94.3	5.4	26	11.3	–7.2	32	–1.8	–42.2	very low
Southern Union	•/88	36	8.7	def	78.8	def	38	1.7	–42.5		NM	P–D	NM
Primark	•/•	37	7.9	12.7	96.0	2.7	21	11.9	–16.6	1	36.6	–14.3	very high
Nicor	84/•	38	4.9	def	105.7	def	34	8.9	–1.9		NM	P–D	NM
Medians			**13.7**	**14.1**	**82.5**	**7.6**		**12.0**	**–2.5**		**8.2**	**–6.2**	
Integrated													
Arkla	•/•	1	18.3%	9.8%	91.6%	4.5%	8	10.0%	–16.9%	7	–0.9%	–25.0%	very low
InterNorth	•/•	2	16.6	13.0	55.0	2.2	1	22.6	80.2	4	3.0	–16.7	very low
Enserch	49/49	3	16.0	0.3	67.9	0.8	9	9.6	–5.9	10	–9.5	–95.7	low
Oneok	88/79	4	15.9	9.5	81.3	3.6	7	10.2	–10.2	8	–1.7	–19.1	very low
Questar	•/•	5	15.2	12.7	54.9	8.3	3	14.7	0.6	1	14.3	–11.8	high
Consol Natural Gas	•/•	6	14.8	13.9	52.0	5.9	5	11.6	–8.0	3	11.9	–6.6	very high
KN Energy	•/•	7	14.7	11.6	74.2	4.0	10	8.4	–7.9	5	1.2	–23.8	very low
Pacific Lighting	84/75	8	13.8	10.2	88.5	2.9	2	15.7	9.1	6	1.0	2.3	very low
National Fuel Gas	•/•	9	13.4	15.1	74.5	4.8	4	12.2	–12.1	2	12.7	–7.3	high
Columbia Gas System	•/81	10	12.8	def	76.7	def	6	10.6	–17.9	9	–3.5	P–D	low
Medians			**15.0**	**10.9**	**74.2**	**3.8**		**11.1**	**–8.0**		**1.1**	**–17.9**	
Industry medians			**14.2**	**12.7**	**78.8**	**5.4**		**12.0**	**–3.7**		**6.4**	**–12.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

•90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful For further explanation, see page 56

OIL

Bad news makes the headlines; the favorable indications go largely unnoticed.

By David Henry

BACK IN BLEAK 1983, First City National Bank of Houston came up with the motto "Stayin' Alive 'Til '85." After all, the recession had been the problem, as everybody knew. When the economy recovered, so would the price of oil.

Now even bleaker 1985 has come and gone. "There was an end to any optimism that a market upturn would bail them out," says Jay Courage, a partner in Simmons & Co. International, the Houston investment banker. The oil companies are facing up to reality.

The majors wrote down $2 billion through the third quarter alone, wiping out a fifth of their profits. Phillips and Unocal did it under threat of takeover by T. Boone Pickens, some others to forestall that threat.

Mobil's earnings dropped 38% from 1984 and Texaco's fell 67%. Atlantic Richfield had a $454 million loss for the 12 months ended Sept. 30. That came after announcing a $1.3 billion writeoff in April in connection with its planned withdrawal from refineries and 4,000 gas stations in the East.

"Most of the industry's dislocation is falling on oil service companies," says Courage. They are entering their fifth depressed year, with no relief in sight.

Hughes Tool Co.'s weekly active-rig count averaged about 1,990 in 1985, down 18% from a year earlier and half the 1981 peak. This year it will be down another 7%, says Hughes economist Isaac Kerridge.

Sam Albright, oilfield services analyst for Kidder, Pea-

Oil

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
International oils													
Occidental Petroleum	45/●	1	20.1%	12.7%	89.3%	4.1%	2	11.9%	-9.9%	7	-31.2%	-17.6%	average
Exxon	●/●	2	19.8	15.8	17.7	5.2	5	0.4	-4.6	1	2.9	-15.1	very low
Chevron	●/●	3	16.2	9.3	87.9	3.4	7	-5.5	44.4	4	-7.0	-8.4	low
Phillips Petroleum	84/●	4	16.1	8.3	42.9	2.7	3	8.3	1.6	3	-5.5	-38.5	average
Mobil	79/●	5	14.8	6.6	84.4	1.6	4	2.3	-2.5	5	-11.8	-37.5	average
El du Pont	51/59	6	12.2	7.6	28.8	2.7	1	27.2	-6.0	2	-2.6	-37.8	very low
Texaco	●/●	7	12.0	2.7	81.6	0.7	6	0.3	31.5	6	-27.8	-66.5	average
Medians			**16.1**	**8.3**	**81.6**	**2.7**		**2.3**	**-2.5**		**-7.0**	**-37.5**	
Other oil and gas													
Standard Oil Ohio	76/●	1	34.5%	16.4%	42.6%	10.9%	16	6.1%	5.9%	5	1.5%	-5.8%	very low
Mitchell Energy	34/56	2	27.1	4.3	169.9	2.8	6	12.9	-7.9	13	-10.9	-66.0	low
Tesoro Petroleum	●/●	3	21.4	def	25.4	def	29	1.3	-26.0	23	-30.4	P-D	average
Holly Corp	85/NA	4	20.9	22.7	0.2	2.6	13	7.3	1.5	1	21.8	-22.1	average
Freeport-McMoRan	25/27	5	20.2	17.5	88.7	15.6	8	9.4	-5.3	16	-12.0	40.9	average

●90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful †Four year average For further explanation, see page 56.

Graphic: Marshall Smith/Image Bank

body, thinks it will be even lower—maybe 13%. Albright doesn't foresee 2,500 rigs running again until 1990. It will be at least that long before returns on equity in the services industry match the rest of U.S. industry, he says.

The service companies cut their prices last year, but in many cases it was still cheaper for producers to buy reserves than to look for new ones. (That was what the infamous Texaco-Pennzoil case was all about.) Also discouraging exploration were the huge debt loads some companies incurred, either through buying other companies or through buying in their own stock. Money that might have gone for exploration went for debt service.

Abandon hope? Not necessarily. The bright side is that the industry is finally getting tough about its often bloated budgets. Marginal operations are shuttered. Oil service companies are consolidating specific operations to cut costs. Hughes and Dresser have formed a partnership of their pumping services subsidiaries. Baker International is putting together its drilling mud businesses with those of Newpark; NL Industries did three separate combinations with Newpark, Galveston-Houston and Enterra Corp.

If nothing else, reduced asset bases should make it easier for oil companies to show higher returns on equity. Earnings per share should improve in big companies, such as Exxon, Arco and Amoco, that have been buying in their own stock.

Slashes in refining and marketing will help, too. The oil companies closed 28,500 gas stations in the last five years and 40% of the U.S. refineries in operation in 1980.

In the old days those "downstream" operations could be

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Cabot	45/66	6	19.9%	def	46.8%	def	12	7.5%	–19.7%	7	–4.2%	P-D	very low
Amoco	87/●	7	19.8	16.5%	26.8	7.7%	18	5.7	–3.3	3	7.3	1.1%	high
Pennzoil	88/80	8	19.7	10.5	88.1	4.6	30	0.9	–9.3	19	–15.5	–47.2	high
Murphy Oil	●/●	9	19.3	8.5	25.9	3.8	15	6.7	1.8	6	–1.8	–13.7	very low
Unocal	88/88	10	18.2	12.4	22.3	5.7	20	5.2	2.6	4	4.6	–2.9	low
Atlantic Richfield	86/●	11	17.9	def	38.6	def	17	6.0	–12.4	15	–11.1	P-D	low
Mapco	80/52	12	17.4	17.8	56.2	7.1	5	14.3	–11.9	11	–7.6	69.2	low
Louisiana Land	●/●	13	16.9	15.9	74.2	8.0	11	7.7	–10.6	14	–11.0	9.4	average
Southland	38/ 4	14	16.3	16.5	71.6	1.6	1	24.1	4.3	2	11.9	25.0	very high
Sun Company	89/81	15	15.3	4.8	44.9	1.8	19	5.7	–9.8	12	–8.6	–45.4	low
Tenneco	27/44	16	14.6	6.6	75.4	3.1	23	4.8	1.0	9	–5.9	–42.7	average
American Petrofina	85/61	17	13.2	6.4	70.5	1.8	26	3.8	7.5	18	–14.7	–25.5	high
Coastal Corp	NA/NA	18	12.8	15.8	191.6	1.6	14	6.9	6.6		NM	–4.9	NM
Pacific Resources	●/●	19	12.0	11.7	95.1	1.3	2	23.9	–20.1		NM	D-P	NM
Quaker State Oil	79/●	20	12.0	10.2	39.9	3.0	22	5.0	3.4	8	–5.3	–10.7	very low
Union Pacific	46/27	21	11.9	10.8	41.0	6.5	4	15.0	–2.6	10	–6.6	47.5	low

●90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful †Four-year average For further explanation, see page 56.

left alone to muddle through on upstream profits from production. Now, says George Babikian, president of Atlantic Richfield's refining-marketing company, Arco Petroleum Products, "The industry has realized it must cut costs to survive in this tough environment."

Some shut-down refineries were replaced by more efficient catalytic crackers. Total capacity was cut by 16% over the past four years. What remains is more efficient and profitable, says Charles Maxwell of Cyrus J. Lawrence.

That means operating profitability should be turning up, and John Gehman, editor of *Energy Performance Review*, says it already has. Gehman says earnings from continuing petroleum operations of ten major companies were up 4% through the third quarter, all from downstream savings.

Arco improved its refining and marketing profits by 26% in the first nine months, Gehman says, Exxon by 75%, Mobil, 83% and Amoco, 78%.

Profitability in exploration and production fell again, says Gehman, but the decline, about 7%, was not as great as the 10% drop in crude oil and natural gas liquids prices over the same period.

Inventories were cut, too, to protect against falling oil prices. For example, supplies of medium-weight fuel products, like heating and diesel oils, were at a 25-year low last fall. Result: Heating oil prices at the end of the year were up a surprising 9% from a year earlier.

With OPEC falling to pieces, crude prices could tumble further. But that could hurt the tax collector as much as the oil company because so-called windfall profits would fall sharply. The oil outlook isn't rosy, but it is probable that the pessimism is currently as overdone as was the optimism of only a few years back.

Oil

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Amerada Hess	●/●	22	11.7%	3.9%	72.0%	1.3%	27	3.1%	−11.2%	22	−22.0%	−56.2%	high
Kerr-McGee	76/●	23	11.2	4.3	34.8	2.2	25	4.1	−6.3	20	−15.8	−36.9	average
Diamond Shamrock	73/69	24	9.2	def	46.0	def	7	11.8	−10.1		NM	D–D	NM
Penn Central	30/37	25	8.8	7.5	17.5	4.8	3	15.1	−1.1		NM	486.5	NM
DeKalb AgResearch	25/58	26	8.8	5.3	35.5	3.5	21	5.1	−12.9	17	−14.3	−31.7	average
National Distillers	26/28	27	8.2	4.8	30.4	2.7	24	4.6	−33.0	21	−19.3	−29.7	high
Ashland Oil	62/47	28	5.9	13.4	57.3	1.9	28	3.1	−4.4		NM	D–P	NM
Crown Central Pet	82/68	29	2.7	7.7	47.3	1.1	9	9.4	−16.0		NM	D–P	NM
United States Steel	51/81	30	1.7	2.5	104.8	1.3	10	8.7	−0.6		NM	D–P	NM
Tosco	●/DD	31	def†	def	NE	def	31	0.2	−14.4		NM	D–D	NM
Charter	●/●	32	def	def	NE	def	32	−2.4	−52.7		NM	D–D	NM
Medians			**13.9**	**7.6**	**45.5**	**2.4**		**6.1**	**−7.1**		**−13.2**	**−27.6**	
Oilfield services													
Pioneer	68/●	1	32.1%	16.8%	34.6%	15.0%	21	−5.7%	5.6%	1	11.7%	−51.1%	low
LB Foster	57/65	2	31.5	1.6	88.6	0.5	17	−4.0	−2.8		NM	−69.2	NM
Schlumberger	60/87	3	30.6	15.1	13.8	16.8	4	9.0	6.2	2	9.4	−10.7	average
Zapata	66/66	4	17.0	0.5	121.9	0.9	20	−5.7	−9.1	3	2.8	−91.6	very low
Global Marine	●/PD	5	16.5	def	200.9	def	2	23.0	−3.9		NM	D–D	NM
Baker International	75/85	6	16.5	8.7	42.6	4.6	5	8.7	3.9		NM	25.0	NM
Halliburton	71/●	7	16.4	1.2	14.2	0.8	18	−4.3	−8.9	4	−6.3	−87.7	very low
Reading & Bates	48/52	8	16.0	def	61.6	def	11	3.8	−24.3	8	−26.4	P–D	low
Western Co No Amer	●/DD	9	15.7	def	149.7	def	3	13.0	−7.9		NM	D–D	NM
Big Three Industries	46/41	10	15.4	1.9	35.0	1.4	8	6.1	8.3	5	−6.9	−77.6	very low
Kaneb Services	68/●	11	14.4	3.2	91.8	4.5	7	6.9	−40.4		NM	D–P	NM
Gearhart Industries	●/●	12	14.0	2.0	41.1	1.0	1	23.8	90.6	7	−20.3	−62.5	average
GEO International	76/DD	13	13.9	def	60.8	def	10	5.4	−5.7		NM	D–D	NM
Parker Drilling	83/DD	14	10.8	def	79.2	def	19	−4.9	13.6		NM	D–D	NM
Tidewater	●/DD	15	10.6	def	67.3	def	14	1.5	−12.3		NM	D–D	NM
Dresser Industries	36/38	16	10.5	4.7	21.8	2.2	15	−0.5	15.8	9	−38.5	19.2	average
Cameron Iron Works	75/85	17	9.5	2.8	52.0	1.7	13	2.5	11.5		NM	D–P	NM
NL Industries	65/ 8	18	9.4	def	39.1	def	22	−7.7	1.8		NM	P–D	NM
Hughes Tool	●/DD	19	8.7	1.5	37.3	1.2	9	5.5	10.2		NM	D–P	NM
McDermott Intl	31/DD	20	7.9	def	60.9	def	16	−2.3	10.1	6	−16.6	P–D	very low
Smith International	●/●	21	7.3	def	52.3	def	12	3.2	−0.2		NM	P–D	NM
Masco Industries	24/ 2		NA	20.8	239.7	4.8	6	8.7	9.3		NA	NA	NA
Medians			**14.4**	**1.4**	**56.6**	**0.9**		**3.5**	**2.9**		**NM**	**−91.6**	
Industry medians			**14.7**	**4.8**	**47.3**	**1.8**		**5.5**	**−3.3**		**−16.2**	**−42.7**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**−6.0**	

●90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful †Four-year average For further explanation, see page 56

PACKAGING

Sometimes the best offense is a strategic retreat. Look at the glassmakers—earnings up, capacity down.

By Mary Kuntz

THE PACKAGING INDUSTRY IS ACTUALLY four industries—paper, glass, plastics and metals—all in fierce competition with one another. Many paper companies on the list also show up in the paper industry; to see how they are doing, turn to page 196.

The steady advance of plastics is driving this industry. Plastic containers are replacing glass bottles and invading the paper container market. So far, the metal can makers haven't been affected as much, but that doesn't mean their turn won't come.

The first plastic soft drink bottle appeared in grocery stores nine years ago, and the glass business hasn't been the same since. The retreating glassmakers are struggling to close furnaces fast enough to overtake their dwindling demand. They made progress in 1985. Glass bottle demand continued to decline, by about 5% through the first half of the year alone, but capacity declined faster, and earnings rebounded.

Even Kerr Glass, which ran deficits two years in a row, broke into the black in the second quarter. Return on equity at Ball Corp., Brockway and Owens-Illinois exceeded their five-year averages, thanks in part to their success in shutting down excess glass capacity. Anchor Hocking, which lost money over the last 12 months, faces different problems. Its consumer glassware competes with low-priced imports buoyed by the strong dollar.

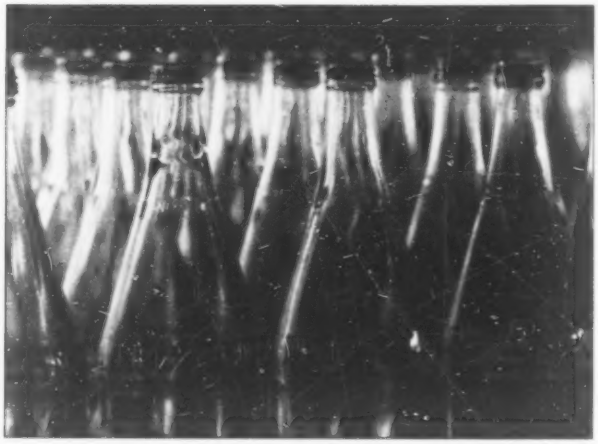
The glass producers must keep winding down because demand will almost certainly continue to decline this year. In fact, they have long since begun to diversify. For example, Owens-Illinois, which stands 16th in profitability on our lists, now derives less than half its revenues from glass. In 1985 Owens pushed even further afield by

Packaging

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Jefferson Smurfit	72/NA	1	55.7%	17.8%	100.8%	3.1%	3	25.6%	–2.0%	1	47.3%	–3.6%	average
Tyco Laboratories	44/28	2	22.9	18.2	8.2	4.9	4	24.5	–4.9	11	–1.1	–6.0	very low
Fort Howard Paper	29/NA	3	22.6	18.1	17.6	11.1	1	29.4	5.5	3	13.6	15.4	very high
Sonoco Products	74/60	4	17.3	18.4	12.1	5.8	7	11.4	13.8	6	7.0	15.8	average
Avery International	•/•	5	16.7	18.0	27.9	5.3	8	10.0	0.7	2	13.7	6.9	high
Ball Corp	70/70	6	16.7	17.0	38.9	4.6	5	12.3	5.1	5	11.9	11.1	very high
Pittway	30/28	7	16.2	12.6	4.6	5.6	6	11.5	10.2	7	4.8	–3.2	low
Federal Paper Board	29/ 8	8	15.3	6.8	105.9	2.2	11	7.7	15.2	9	0.5	–63.6	very low
Union Camp	38/ 6	9	14.8	8.8	47.1	6.0	14	5.5	–2.8	10	–0.2	–38.3	very low
Dennison Mfg	54/50	10	14.8	11.8	22.4	4.1	10	8.5	–2.8	8	4.4	–21.1	low
Stone Container	•/NA	11	12.7	3.7	159.0	1.0	2	26.9	–0.5		NM	–39.9	NM
Crown Cork & Seal	•/•	12	11.3	14.4	3.7	4.8	20	–1.3	6.3	12	–2.8	36.7	very low
Bemis	69/57	13	10.7	12.3	40.0	2.9	16	3.0	2.4	13	–4.6	38.4	very low

• 90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D/D: Deficit to deficit D/P: Deficit to profit P/D: Profit to deficit NA: Not available NM: Not meaningful For further explanation, see page 56



acquiring Alliance Mortgage Co. for $125 million.

Dorsey Corp., once a prominent glassmaker, saw the writing on the wall four years ago and bailed out of glass entirely to concentrate on plastics. After millions in write-offs and three years of weak plastics prices—albeit strong demand—Dorsey is on track. Both earnings and return on equity were up in 1985. Now the misfortune of its former peers in the glass business is Dorsey's bonanza.

Another option for glassmakers is to invade the can-makers' business. Metal cans now account for half of sales at Ball, for example. One customer, Anheuser-Busch, accounts for over one-fourth of total sales. Last year Ball spent $16 million to expand annual capacity to 2 billion cans and extended its contract with Anheuser-Busch another five years.

For canmakers 1985 was a good year. Earnings were up at Crown Cork & Seal, American Can and Ball, and return on equity at all three exceeded their five-year averages. Can shipments climbed about 3%, and manufacture by end users, a continual problem, declined because of the high cost of producing new solderless cans. Also, the fight for market share in the brewing industry didn't leave enough capital for brewers to run can plants. Prices of aluminum and steel were flat or even slightly down. Bad news for the metals industry but good news for canmakers.

But they shouldn't get complacent. Plastic has terrorized all other parts of this industry. Now Dorsey, Coca-Cola and two European packagers are test-marketing a plastic soft drink can. Can the plastic beer can be far away?

National Can is gone from our list this year, swallowed by the takeover shark Triangle Industries (FORBES, *Nov. 4, 1985*). To protect themselves, packagers like Crown Cork & Seal, Dorsey and International Paper bought back shares and put in antitakeover measures. ■

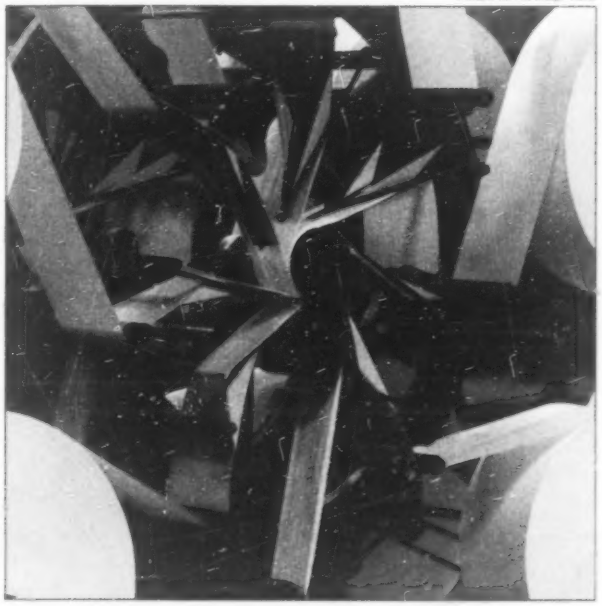
		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Mead	30/23	14	8.6%	10.7%	54.7%	3.8%	18	–0.6%	3.0%		NM	–24.2%	NM
International Paper	45/24	15	8.6	def	28.2	0.3	19	–1.3	–3.1	15	–26.8%	P–D	average
Owens-Illinois	80/75	16	8.6	10.8	40.1	4.1	21	–1.4	5.7	14	–9.1	6.2	very low
Dorsey	65/38	17	8.4	11.3	67.5	1.7	17	1.9	6.2		NM	14.3	NM
Boise Cascade	30/35	18	6.0	3.8	74.5	1.6	15	4.9	–1.6	16	–27.3	–50.3	average
Longview Fibre	53/18	19	5.8	7.9	81.4	3.6	13	5.6	–1.2	4	12.9	–42.4	very low
Brockway Inc (NY)	•/•	20	5.3	7.9	65.3	1.7	9	9.1	10.0	17	–41.0	D–P	average
American Can	44/26	21	3.5	9.6	42.3	4.4	24	–8.3	–14.9		NM	14.3	NM
Anchor Hocking	25/PD	22	3.0	def	27.8	def	22	–3.5	5.6		NM	P–D	NM
Kerr Glass Mfg	•/•	23	def	def	38.8	0.4	23	–5.0	–0.2		NM	D–D	NM
Temple-Inland	52/46		NA	11.2	31.7	7.2	12	6.6	–0.5		NA	NA	NA
Industry medians			**11.3**	**11.0**	**39.5**	**4.0**		**6.1**	**1.6**		**–2.8**	**–4.8**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

•90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful For further explanation, see page 56

PAPER

The paper companies say they have taken the pledge: no more wild expansion.

William Rivelli/Image Bank



By Christopher Power

"I'VE BEEN IN THIS BUSINESS 38 years," says Richard Congreve, group vice president for pulp, paperboard and packaging at Potlatch Corp., "and the industry has never been able to sense just when the market will firm."

Painful, but true. Paper firms historically report sharply higher profits in the third year of a recovery, and 1985 qualified for that prospect. But this recovery has behaved like no other. The strong dollar slammed the door on the paper industry's export market, and let in imports. Result:

Paper

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Jefferson Smurfit	27/NA	1	55.7%	17.8%	100.8%	3.1%	3	25.6%	−2.0%	1	47.3%	−3.6%	average
James River Corp Va	78/NA	2	23.6	16.8	83.0	4.1	1	53.6	3.0	2	18.6	−7.0	high
Fort Howard Paper	63/NA	3	22.6	18.1	17.6	11.1	2	29.4	5.5	3	13.6	15.4	very high
Bowater	78/80	4	20.2	20.2	60.8	8.4	18	5.5	−0.6	13	−1.3	24.2	very low
Pentair	71/78	5	20.0	17.9	56.2	3.9	4	21.0	8.1	7	3.4	−3.9	very low
Consolidated Papers	83/●	6	17.9	25.0	2.8	14.6	12	7.4	7.3	6	3.6	43.8	very low
Media General	31/31	7	17.0	12.0	39.1	6.0	5	14.6	5.7	5	9.8	−11.8	very high
Alco Standard	39/31	8	16.8	11.3	44.7	1.3	7	11.0	12.7	8	2.0	−18.6	average
Federal Paper Board	69/89	9	15.3	6.8	105.9	2.2	10	7.7	15.2	10	0.5	−63.6	very low
Union Camp	38/84	10	14.8	8.8	47.1	6.0	16	5.5	−2.8	12	−0.2	−38.3	very low

● 90% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit P/D: Profit to deficit def: Deficit
NA: Not available NM: Not meaningful For further explanation, see page 56

Operating rates in most sectors of the business fell below 92%, the level at which, an industry rule of thumb has it, prices start to fall. By the end of the year unbleached kraft linerboard was $275 a ton, down from $340 in 1984. Bleached kraft pulp was down 25%, uncoated free sheet off 20%. Earnings for the industry fell 20% overall in 1985.

Companies with the most international exposure were the worst hit: Great Northern Nekoosa, for example, which could not cut linerboard prices enough to compete with foreign producers; and Mead, which like Great Northern also faced severe overseas competition in pulp.

Companies working harder at cost-cutting than at expansion are in better shape in the current market. Willamette Industries, for example, last year shut down one of its two corrugated container plants to boost operating rates at the other. Since the end of 1984 its Campti, La. paper mill has been extracting the heat from its waste waters before sending it to the plant's effluent ponds. And a headquarters staff of 139, which managed sales of $772 million in 1978, now manages sales of $1.2 billion. The scrimping has paid off: Willamette's return on equity for the latest 12 months actually rose to 15.4%, six points higher than its five-year average and three points better than the five-year median for the industry.

Others that have kept costs down include Scott Paper and Potlatch. All in all, "The industry has done a great job of it," says H.C. Bowen Smith, Salomon Brothers' paper and forest products analyst. "If growth is just a little higher than expected this year, you could get a pleasant surprise in this industry."

If that happens, and there's a fair chance it will, another 10% drop in the dollar would mean a lot. Costs for Swedish linerboard producers have risen three times faster than in the U.S. since 1980, but the surging dollar—and devaluations of the Swedish krona—obscured it. Now imports of such products as coated paper are already falling. Says Potlatch's Congreve: "I can see the Swedes fading away in our Asian markets."

But the industry still faces a lot of problems that a rebound in 1986 will not solve. The strong dollar at its height gave other countries a chance to develop sizable paper industries of their own. It could take years to get back market share the Scandinavians grabbed in Europe.

In pulp production, Brazil probably will increase its capacity 25% by 1989. The Brazilians as well as the Chileans, the Portuguese, the Spanish and the South Africans are now producing pulp for hard currency as much as for profits, and their pricing will be tough.

New materials, meanwhile, are invading the market. Polyethylene plastic, for example, is rapidly replacing unbleached kraft paper for sacks. Cereal boxes once lined with wax paper bags now have waxed cardboard interiors. Result: "The paper industry used to grow at the same rate as the economy," says Salomon's Smith. "Now for every 1% jump in GNP, the industry goes up only 0.8%."

While paper companies are trying to curb growth in commodity capacity, they are putting new investment into more profitable products like uncoated papers used in computer printouts and coated papers used for catalogs, magazines and annual reports. Coated papers earned middling-size Consolidated Papers (sales, $700 million) the best return on equity for the industry in the latest 12 months. But with around 2 million tons of added capacity scheduled to come on line for these products by 1988, papermakers could well drive prices down again if demand, domestic and overseas, does not materialize. ■

Paper

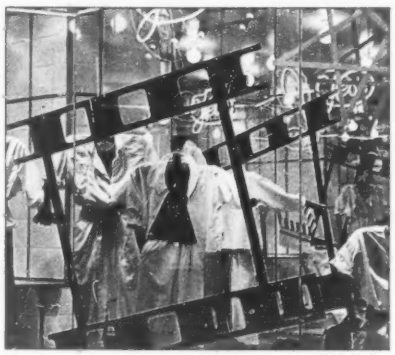
Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Kimberly-Clark	22/33	11	14.7%	16.9%	34.4%	6.8%	8	9.4%	11.5%	16	–4.3%	25.4%	low
Westvaco	●/●	12	12.8	11.1	45.6	6.1	14	5.8	–2.5	9	0.8	–20.7	very low
Gt Northern Nekoosa	●/●	13	12.6	6.1	47.7	3.2	9	8.2	5.1	11	0.3	–52.1	very low
Hammermill Paper	●/●	14	11.1	8.5	55.0	2.2	6	11.1	0.5	14	–2.0	–34.8	very low
Scott Paper	35/51	15	10.1	13.0	40.7	6.8	11	7.4	16.4	15	–3.2	20.2	very low
Willamette Inds	67/●	16	9.1	15.4	54.6	5.7	19	5.4	2.7	17	–12.6	39.4	very low
Mead	69/76	17	8.6	10.7	54.7	3.8	24	–0.6	3.0		NM	–24.2	NM
International Paper	34/43	18	8.6	def	28.2	0.3	25	–1.3	–3.1	21	–26.8	P–D	average
Potlatch	72/●	19	7.3	6.9	47.4	4.5	22	3.7	–3.2	18	–14.1	–7.7	average
Weyerhaeuser	26/56	20	7.2	4.6	36.2	3.1	21	3.7	–0.5	19	–18.8	–43.2	average
Georgia-Pacific	31/33	21	6.3	1.2	62.2	0.7	13	5.9	–1.2	20	–24.1	–88.8	high
Boise Cascade	36/●	22	6.0	3.8	74.5	1.6	20	4.9	–1.6	22	–27.3	–50.3	average
Longview Fibre	37/55	23	5.8	7.9	81.4	3.6	15	5.6	–1.2	4	12.9	–42.4	very low
Champion Intl	42/75	24	4.3	def	76.8	0.2	17	5.5	39.0		NM	P–D	NM
Crown Zellerbach	70/61	25	3.4	def	54.8	def	23	0.2	3.1		NM	P–D	NM
Southwest Forest Inds	56/73	26	def	def	137.0	def	26	–2.1	–3.6		NM	P–D	NM
Industry medians			**11.9**	**9.8**	**54.7**	**3.7**		**5.9**	**2.9**		**–1.7**	**–22.5**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful For further explanation, see page 56

RETAILING

There are some big profit generators here. But when even Macy's has a downturn, you know things are tough.



Keith Skelton

By Matthew Heller

Robert Price of Price Co. in San Diego has a deal for you: For a small fee—$25—a qualified member can shop for one year at his huge cash-and-carry wholesale stores and be sure of near wholesale prices on everything from microwaves to mittens. Price gets a nice interest-free loan up front, in effect, and locks in his customers at the same time, thereby guaranteeing the large volume he needs to justify those razor-thin margins.

Price's warehouse club concept is only the latest wrinkle in the deep discounting trend that's been sweeping retailing in recent years. But innovative ideas like his are not all that common. Witness the fact that on the Yardsticks, Price Co. tops every one of the 1,004 largest public companies in the U.S. in five-year profitability.

For most retailers, their traditionally competitive business has never been rougher. "Retailing is becoming more and more like a basketball game—all the action is in the last two minutes," says Frank Rooney, chairman of Melville Corp., referring to the Christmas season.

What seems to be happening goes beyond the periodic discounting wave retailers have always been afflicted with and suggests a sea change in American shopping habits. Many Americans are happy to shop in huge concrete-floored warehouses to get a better price, but they also want to be pampered with lots of attention in specialty shops.

Adjusting to such conflicting trends isn't easy. Look at the sharp downturns at firms like Stop & Shop and K mart, or drug chains like Revco D.S. and Rite Aid that are facing stiff competition from "deep discounters." One of these, Drug Emporium, averages $8 million of business a year per store, vs. about $1 million for the average Revco store.

Pressure like that inspires the sincerest form of flattery in retail chains. Wal-Mart, with Sam's Wholesale Club, has moved into warehouse clubs, and so has Zayre Chair-

Retailing

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Apparel													
Limited	●/●	1	41.6%	44.2%	21.8%	6.0%	1	42.8%	66.5%	1	56.2%	47.8%	very high
Melville	36/NA	2	24.8	20.3	12.2	4.2	3	17.5	7.7	6	12.4	5.5	very high
Gap	●/●	3	20.7	8.6	17.3	1.9	8	10.9	12.2	3	25.1	–42.1	average
United States Shoe	52/39	4	20.2	14.2	10.7	3.4	6	13.8	14.5	7	11.0	–3.5	average
Petrie Stores	●/●	5	20.1	18.4	98.3	5.4	5	14.2	50.9	8	0.6	18.6	very low
Nordstrom	●/●	6	18.3	16.8	55.8	4.1	2	23.4	29.3	4	17.8	18.4	very high
Zayre	29/34	7	15.7	19.0	46.5	2.6	4	16.0	19.9	2	28.7	22.1	very high
Edison Bros Stores	25/46	8	15.5	7.8	14.0	2.6	11	5.6	–22.2	10	–2.7	–50.6	very low
Manhattan Inds	31/25	9	13.8	def	72.4	def	10	8.7	11.8	11	–29.5‡	P–D	very low
Hartmarx	57/32	10	13.2	13.8	36.6	3.8	7	11.4	6.2	5	16.9	1.2	very high
Carter Hawley Hale	26/47	11	9.4	7.3	84.6	1.6	9	9.6	–2.0	9	–0.3	–50.0	very low
Medians			**18.3**	**14.2**	**36.6**	**3.4**		**13.8**	**12.2**		**12.4**	**1.2**	
Catalog showrooms													
Service Merchandise	●/●	1	19.8%	5.2%	59.9%	0.8%	2	18.1%	36.0%	1	16.4%	–66.0%	very high
Gordon Jewelry	26/DP	2	12.3	3.3	7.2	1.7	3	5.4	–1.0	2	–2.7	–69.1	very low
Best Products	●/●	3	10.9	1.5	73.1	0.3	1	23.8	4.7	3	–14.8	–81.8	average
Medians			**12.3**	**3.3**	**59.9**	**0.8**		**18.1**	**4.7**		**–2.7**	**–69.1**	

●90% or more **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth.
For further explanation, see page 56.

man Maurice Segall, who admits he copied Price with warehouse clubs in the Northeast. Segall simply redefined Zayre's original corporate concept and found that warehouse clubs fit well with traditional discount stores and off-price clothing (T.J. Maxx and Hit or Miss). "The days of the one-kind-of-store company are just about over," says Segall. "We have positioned our company as a diversified retailer in mass retailing—value-based, high turnover, high volume, low margin. It is very self-contained, very defined." It seems to be working. Among the discounters, only Wal-Mart had better earnings growth in 1985.

Other retailers are seeking protection from the deep discounters in specialty niches. The classic example is the five-and-dime chain, F.W. Woolworth. It's now one of the country's largest shoe retailers, and small specialty stores will provide the bulk of its profits by the end of fiscal 1986. Woolworth's dramatic turnaround on the Yardsticks last year is eloquent testimony to the success of that strategy.

Old-line department stores are also moving into specialty outlets. By 1990 Allied Stores plans to open another 100 stores like its Ann Taylor and Catherine's Stout Shoppes, which already account for about 20% of sales. Acquisitive Lucky Stores, already in automotive supply, increased its stake in the long-neglected fabrics business by acquiring the 104-store Minnesota Fabrics chain. It saw the chance to enter new markets and pick up share once held by department stores now out of that business.

Or take Dayton-Hudson. Two years ago D-H appeared in our lists under department stores. Now 74% of its profits come from its Target and Mervyn's discount chains, and in October the company announced a $4 billion capital program to expand discount and specialty operations.

Retailing

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Department stores													
RH Macy	•/•	1	21.4%	16.3%	14.0%	4.3%	4	14.2%	7.5%	2	21.1%	–15.6%	very high
Lucky Stores	25/13	2	19.2	17.5	61.3	1.1	12	9.5	6.5	12	–0.3	12.8	very low
Dillard Dept Stores	•/•	3	18.6	19.8	70.4	3.9	1	25.2	49.3	1	40.5	32.0	very high
Mercantile Stores	•/•	4	16.3	15.0	28.0	5.0	7	10.9	6.8	4	17.5	4.2	very high
May Dept Stores	68/72	5	16.0	17.3	41.2	4.4	10	9.8	10.2	5	14.6	9.3	very high
Federated Dept Strs	67/89	6	14.6	13.1	27.9	3.3	8	10.8	8.0	10	8.5	11.0	average
Allied Stores	•/•	7	12.8	15.3	70.9	3.9	5	13.8	5.7	9	9.9	25.5	high
JC Penney	79/NA	8	12.7	10.1	54.7	2.9	13	3.0	2.3	8	13.3	–18.6	high
Strawbridge	•/•	9	12.5	16.0	125.8	3.7	6	11.5	12.5	3	20.1	16.6	high
Assoc Dry Goods	61/73	10	11.8	12.2	33.8	2.8	2	19.6	9.5	6	13.6	–0.7	very high
Carson Pirie Scott	50/45	11	10.8	13.4	104.2	2.0	3	19.6	23.2	11	4.2	132.5	very low
Sears, Roebuck	67/57	12	10.6	10.7	87.4	2.9	9	10.4	4.6	7	13.5	–19.9	average
Carter Hawley Hale	73/52	13	9.4	7.3	84.6	1.6	11	9.6	–2.0	13	–0.3	–50.0	very low
Equitable of Iowa	41/2	14	7.0	4.3	9.2	2.6	14	2.7	4.9	14	–15.0	–10.2	average
Alexander's	•/•	15	1.4	7.4	87.0	1.0	15	1.9	0.5		NM	24.7	NM
Medians			**12.7**	**13.4**	**61.3**	**2.9**		**10.8**	**6.8**		**13.3**	**9.3**	
Discount and variety													
Wal-Mart Stores	•/•	1	34.9%	30.7%	49.6%	3.9%	1	39.9%	32.2%	1	43.0%	24.1%	very high
SCOA Industries	84/•	2	24.8	22.6	88.5	2.9	8	10.4	5.1	8	9.3	9.8	very high
Ames Dept Stores	•/•	3	23.1	19.7	60.6	3.1	2	20.1	30.8	5	23.5	19.4	very high
Stop & Shop Cos	48/73	4	19.2	12.8	52.8	1.3	7	11.2	12.8	2	33.6	–26.9	very high
Dayton-Hudson	71/73	5	16.8	16.1	43.2	3.3	4	19.0	12.2	9	9.1	10.3	high
Zayre	70/65	6	15.7	19.0	46.5	2.6	5	16.0	19.9	3	28.7	22.1	very high
Rose's Stores	•/•	7	15.6	14.2	16.6	2.1	6	14.6	9.2	4	28.1	–13.9	high
K mart	•/•	8	13.2	12.4	89.3	1.8	9	10.0	13.4	7	10.5	–23.2	average
Household Intl	26/8	9	12.0	13.6	236.0	2.6	10	9.1	5.3	10	4.7	–4.6	low
Assoc Dry Goods	38/26	10	11.8	12.2	33.8	2.8	3	19.6	9.5	6	13.6	–0.7	very high
Heck's	86/DD	11	9.3	def	89.3	def	11	2.0	6.5		NM	P–D	NM
FW Woolworth	68/39	12	3.5	14.5	35.4	2.6	13	–5.6	3.2		NM	20.6	NM
Cook United	•/DD	13	def	def	NE	def	12	–2.8	–47.7		NM	D–D	NM
Medians			**15.6**	**14.2**	**49.6**	**2.6**		**11.2**	**9.5**		**10.5**	**–0.7**	
Drugs													
American Stores	NA/NA	1	26.8%	26.4%	128.9%	1.4%	1	20.5%	62.0%	1	33.7%	42.0%	high
Rite Aid	89/•	2	23.8	18.4	23.5	4.3	7	11.7	14.6	3	21.3	–15.5	very high
Walgreen	•/•	3	21.7	22.6	12.8	3.0	3	15.5	15.2	4	20.2	10.1	very high
Revco DS	•/•	4	21.3	7.4	9.8	1.3	2	18.9	8.1	5	17.7	–63.9	very high

•90% or more **DD:** Segment deficit, total deficit **DP:** Segment deficit, total profit **PD:** Segment profit, total deficit D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit def: Deficit NA: Not available NE: Negative equity NM: Not meaningful ‡Four-year growth ††Three-year average ‡‡Three-year growth

For further explanation, see page 56.

But nobody said finding profitable niches was easy. K mart's Designer Depot off-price apparel chain and its Builders Square home improvement centers have yet to help earnings much. Among drug chains, Rite Aid got out of a bad acquisition in toys by selling Circus World.

Certainly nobody is diversifying into high-priced discretionary purchases such as jewelry in these days of mushrooming consumer debt. For the same reason, selling big-ticket TV sets and VCRs proved a disaster for Jack Eckerd Corp., even though Rite Aid's small-ticket videocassette rental business in drugstores is taking off.

Meanwhile, some retailers at the bottom of the Yardsticks seem not to have redefined their strategy or developed new types of outlets. That could be said of Federated Department Stores, which tried to be all things to all people (FORBES, *Apr. 8, 1985*). Carter Hawley Hale, whose earnings declined 50% last year, has similar problems.

Stragglers, of course, make takeover targets. CHH fought off The Limited by effectively mortgaging itself to General Cinema (FORBES, *Jan. 28, 1985*). Federated recently traded at around 71, just 10 times earnings and 127% of book value, despite antitakeover provisions—a tempting target indeed for a raider wanting to make something of valuable parts. Edward Finkelstein, chairman of R.H. Macy, spent Christmas readying his company for its move back into private hands. The steep 16% drop in per-share earnings at its fiscal year-end hasn't helped the traditional profit leader of the department stores.

SCOA Industries was also taken private, and Eckerd is planning to go private after an apparent takeover attempt.

The risk of resting on yesterday's laurels in the midst of today's takeover mania is obvious. ■

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Longs Drug Stores	■/■	5	18.2%	15.8%	0.0%	2.9%	6	11.8%	13.9%	7	8.9%	7.8%	very high
Thrifty Corp	NA/NA	6	17.1	20.7	57.8	2.3	8	8.4	8.1	6	13.7	14.3	very high
Jack Eckerd	●/●	7	16.3	def	18.2	def	4	14.7	–4.4	8	3.7	F–D	average
Sherwin-Williams	30/ 0	8	13.6	17.6	41.8	3.3	5	13.0	6.7	2	27.6	14.9	very high
Medians			**19.8**	**18.0**	**20.9**	**2.6**		**13.9**	**11.0**		**19.0**	**9.0**	
Jewelry													
Jostens	33/NA	1	22.9%	20.3%	7.8%	7.2%	1	11.2%	16.6%	1	10.5%	6.0%	very high
Gordon Jewelry	73/●	2	12.3	3.3	7.2	1.7	2	5.4	–1.0	2	–2.7	–69.1	very low
Kay	26/64	3	8.9	16.0	178.6	0.8	4	–1.7	–21.8		NM	123.9	NM
Zale	●/●	4	8.8	6.0	56.3	2.6	3	1.7	2.2		NM	–27.9	NM
Medians			**10.6**	**11.0**	**32.1**	**2.2**		**3.6**	**0.6**		**–2.7**	**–11.0**	
Shoes													
Melville	31/NA	1	24.8%	20.3%	12.2%	4.2%	1	17.5%	7.7%	1	12.4%	5.5%	very high
Brown Group	40/NA	2	17.1	7.8	17.1	2.1	2	6.7	–7.0	2	9.2	–52.0	high
Edison Bros Stores	48/37	3	15.5	7.8	14.0	2.6	4	5.6	–22.2	3	–2.7	–50.6	very low
Morse Shoe	80/60	4	9.8	6.2	33.5	1.5	3	6.2	2.7		NM	–38.3	NM
Genesco	45/61	5	5.6	def	105.1	def	5	–5.4	–8.0		NM	P–D	NM
FW Woolworth	24/43	6	3.5	14.5	35.4	2.6	6	–5.6	3.2		NM	20.6	NM
Medians			**12.7**	**7.8**	**25.3**	**2.4**		**5.9**	**–2.2**		**–2.7**	**–44.5**	
Miscellaneous													
Price Co	●/●	1	63.8%	45.1%	75.7%	2.5%	1	74.1%	61.6%	1	80.4%	59.8%	very high
Tandy	NA/NA	2	40.1	19.3	41.7	6.6	5	18.7	5.3	5	29.3	–16.2	very high
Circuit City Stores	●/●	3	26.8	22.8	31.3	3.4	2	35.7	40.8	3	44.0	17.7	high
Toys "R" Us	●/●	4	24.9	18.7	14.9	6.2	4	29.3	25.4	4	32.2	12.7	very high
General Host	61/60	5	19.3	41.8	67.9	17.2	11	–0.3	–15.4	2	62.8‡‡	500.0+	average
Payless Cashways	●/●	6	18.9	13.7	62.8	2.7	3	30.2	35.1	8	19.6	–12.1	high
Lowe's Cos	●/●	7	16.2	17.8	27.1	3.3	6	14.4	18.6	7	21.8	7.0	high
Edison Bros Stores	25/15	8	15.5	7.8	14.0	2.6	8	5.6	–22.2	9	–2.7	–50.6	very low
WR Grace	26/11	9	13.8	7.1	68.6	2.3	10	3.5	6.4	10	–8.5	–20.3	low
Sherwin-Williams	40/38	10	13.6	17.6	41.8	3.3	7	13.0	6.7	6	27.6	14.9	very high
Beneficial Corp	27/16	11	4.4	9.0	399.3	4.0	13	–7.7	–13.6		NM	–18.2	NM
Evans Products	74/●	12	def	def	260.0	def	12	–1.5	–15.1		NM	D–D	NM
Wickes Cos	48/56	13	def††	25.9	159.5	0.6	9	4.3	11.7		NM	D–P	NM
Medians			**16.2**	**17.8**	**62.8**	**3.3**		**13.0**	**6.7**		**21.8**	**–2.6**	
Industry medians			**15.6**	**14.2**	**43.2**	**2.6**		**11.2**	**7.7**		**11.0**	**0.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

SURFACE TRANSPORTATION

Hedin & Savage Photo/CNQR

Why is railroad deregulation one of the great success stories, while the truckers are still in turmoil?

By David Henry

WHEN THE BURLINGTON NORTHERN railroad added all its costs for building a new 110-mile line into the coalfields of Wyoming's Powder River Basin a few years ago, it found it had spent a million dollars a mile. Locomotives cost another million or so each. Hardly worth it. Better to buy somebody else's tracks and locomotives than build your own.

Surface transportation

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Railroads													
CNW	•/•	1	23.2%	def	165.7%	def	8	1.1%	-2.3%		NM	P-D	NM
Kansas City Southern	70/77	2	16.0	15.7%	43.0	13.0%	3	11.2	1.7	1	11.4%	52.1%	high
American Standard	22/17	3	14.7	12.6	44.6	3.5	7	1.8	10.2	8	-17.9	20.7	average
Norfolk Southern	•/•	4	13.5	10.9	19.2	13.5	6	2.3	2.8	5	-2.1	2.8	very low
Burlington Northern	46/65	5	12.8	13.4	50.4	7.2	1	16.7	7.8	2	7.6	7.9	average
Union Pacific	50/61	6	11.9	10.8	41.0	6.5	2	15.0	-2.6	7	-6.6	47.5	low
Santa Fe Southern	74/32	7	10.9	7.6	28.9	6.7	5	3.7	-0.8	3	0.8	-1.6	very low
CSX	63/64	8	10.8	8.3	46.8	5.6	4	10.3	-5.1	4	-1.6	-19.5	very low
Amsted Industries	30/26	9	9.6	7.9	0.0	4.2	11	-10.1	11.9		NM	20.2	NM
IC Industries	24/30	10	8.6	7.9	92.2	2.8	9	0.6	12.9	6	-3.9	-33.8	very low
GATX	25/63	11	4.1	def	276.1	def	10	-2.8	-13.9		NM	D-D	NM
Medians			**11.9**	**8.3**	**44.6**	**5.6**		**2.3**	**1.7**		**-3.9**	**2.8**	
Truckers													
Roadway Services	•/•	1	20.7%	14.6%	0.0%	5.5%	6	5.1%	9.5%	4	11.5%	-13.9%	very high
JI International	59/DP	2	18.8	def	119.8	def	11	-1.7	5.9	9	-33.7	P-D	low
Ryder System	•/•	3	18.4	15.4	142.5	4.5	3	11.5	-1.7	3	11.8	-11.0	high
Consol Freightways	•/•	4	17.7	14.2	11.3	4.2	10	-1.7	16.1	5	2.7	15.9	very low
Leaseway Transport	•/•	5	14.8	8.7	122.8	1.8	5	8.4	8.7	6	-7.5	-25.3	average

•90% or more. **DE**: Segment deficit, total deficit. **DP**: Segment deficit, total profit. **PD**: Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 56.

Compare that to the entry costs of the guy who goes into the trucking business by putting a mortgage on his house, and you have put your finger on the fundamental difference between these two deregulated industries. It's prohibitively expensive to get into the railroad business. It's ridiculously easy to become a trucker.

True, when the Interstate Commerce Commission reduced its supervision of most rates between 1978 and 1981, the railroads were forced to start competing with each other on prices and costs. But the competitors were basically the same players. There were no new, nonunion, low-cost providers rushing in with new railroad tracks.

That's a major reason the railroads avoided the turmoil still plaguing parts of the trucking industry. Once they were allowed to pursue consolidation without worrying about new competitors, the railroads stopped going broke. Railroad deregulation has been one of the great success stories of U.S. business. In fact, the ICC figures that pure railroads—as distinct from the conglomerates on our list such as IC Industries, Union Pacific and Santa Fe Southern Pacific—had a return on investment of 4.6% for the 12 months ended Sept. 30, 1985.

Not so the trucking industry. Nobody knows for sure how many new players have rushed in since 1978, but ICC reports indicate they may have doubled. Once-protected profit margins have tumbled, diminishing the Teamsters' power as well. Trucking company failures may be running 50% higher than the rate of businesses in general. (In 1984, according to the American Trucking Associations, 28% of the carriers registered with the ICC were operating at a loss. It looks as if it was even worse in 1985.)

But study the tables and you'll find some trucking companies making good money. These mostly specialize in the less-than-truckload (LTL) side of the business. Serving customers whose shipments do not fill entire trucks requires lots of terminals and freight consolidation centers to sort different shipments and put them into trucks headed in the same direction. In short, this is the side of the business where costs keep out upstart competition.

Yellow Freight System, for example, derives about 90% of its revenues from LTL. In the last 12 months it had a 19.6% return on equity and a 23.7% increase in earnings per share. That was accomplished with over 500 freight terminals, more than twice as many as it had in 1980. Consolidated Freightways has always been in LTL and has consistently shown strong returns.

Ironically, while the trucking companies learn to play the LTL game, the railroads are taking back some full truckloads from them. For decades trucks steadily grabbed market share in surface transportation, but now the railroads believe they have stemmed that trend.

Under deregulation the railroads have been able to put together more trains carrying piggyback truck trailers and ship containers at competitive prices, says Mark Goss, vice president of Freight Distribution Services, Inc., a Burbank, Calif.-based freight broker.

Some of those trailers carry LTL freight, but most are comparable to full trailer loads headed for one destination. As a portion of railcar-loadings, truck trailers and containers on flat cars have increased since 1980 to 13.3% from 7.5%, according to the American Association of Railroads.

As for ship containers, about two dozen overland trains now carry double stacks of ocean ship cargo containers across the country, primarily eastward from the Pacific to the Atlantic. The shipping companies find that cheaper and more competitive than carrying only one layer. Sinking in overcapacity (FORBES, *July 29, 1985*), they need whatever savings they can find. ■

		Profitability					**Growth**					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Yellow Freight System	o/o	6	12.6%	19.6%	23.0%	3.6%	4	10.1%	15.3%	2	18.3%	23.7%	average
Transway Intl	71/72	7	10.4	12.6	35.6	2.7	9	–0.1	2.3	7	–8.0	0.3	low
RLC	o/o	8	9.7††	5.6	225.5	1.6	7	2.6	2.1	8	–18.5	–60.2	average
Arkansas Best	78/60	9	9.2	18.3	52.8	2.6	2	11.7	12.3		NM	21.8	NM
Dorsey	32/52	10	8.4	11.3	67.5	1.7	8	1.9	6.2		NM	14.3	NM
Minstar	69/33	11	5.8	13.5	258.4	1.6	1	46.6	54.3	1	242.6‡‡	–21.0	very high
Medians			**12.6**	**13.5**	**67.5**	**2.6**		**5.1**	**8.7**		**–7.5**	**–11.0**	
Other surface													
McLean Industries	o/o	1	20.2%	def	249.8%	def	1	12.1%	24.5%	2	10.6%‡‡	P–D	very low
Alexander & Baldwin	67/69	2	15.4	18.2%	41.4	16.7%	6	4.8	6.5	3	7.7	24.6%	very low
Greyhound	30/13	3	12.3	10.3	19.5	4.7	6	–16.2	21.8	4	–5.0	21.4	average
Chromalloy American	27/16	4	def	def	83.6	def	5	–12.5	–3.2		NM	D–D	NM
American President	o/o		NA	12.0	52.1	5.6	2	11.5	21.9		NA	–47.2	NA
Sea-Land	o/o		NA	5.1	53.5	2.4	3	6.4	–4.7	1	26.6‡	–43.4	average
Medians			**13.9**	**7.7**	**52.8**	**3.6**		**5.6**	**14.2**		**7.7**	**–45.3**	
Industry medians			**12.5**	**10.9**	**51.3**	**3.6**		**4.3**	**6.4**		**–3.9**	**–6.3**	
All-industry medians			**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**	

●/80% or more DD: Segment deficit, total deficit DP: Segment deficit, total profit PD: Segment profit, total deficit D-D: Deficit to deficit P-D: Profit to deficit def: Deficit NA: Not available NM: Not meaningful †Four-year growth ††Three-year average ‡‡Three-year growth. For further explanation, see page 56

TELECOMMUNICATIONS

In the biggest of all deregulating industries, "everybody's getting into everybody else's pie."

By John Hayes

In September "equal access" will be completed—when all long-distance carriers start paying equal charges to local telephone companies for hooking up long-distance calls. Discounts that were set up to help MCI and GTE's Sprint compete with AT&T will disappear. With a vengeance, the $160 billion-a-year telecommunications industry will enter the age of deregulation.

While long-distance carriers fight it out, regional and local telephone companies are pushing to get into new businesses. "Everybody's starting to get into everybody else's pie," says Montgomery Securities analyst Robert Morris. The now independent Bell regional companies even want to manufacture equipment in competition with Western Electric and to offer long-distance in competition with ex-parent AT&T.

The former Bell companies will probably get much of what they want. Non-Bell independents, for example, have always had the right to offer long-distance service. United Telecom, Southern New England Telephone, Alltel and Rochester Telephone have been in the long-distance business for years, in addition to GTE.

Accordingly, United Telecom is betting $2 billion that it can grab a piece of the long-distance market with a nationwide fiber optics system planned for 1988. Continental has been acquiring nonregulated businesses, such as a telephone equipment distributor and a half interest in a satellite venture. Centel, which is second in five-year return on equity to MCI, has also diversified. So has Southern New England.

Local telephone companies, of course, remain under regulation, and last year state public utility commissions granted only about half of nearly $3 billion in requested

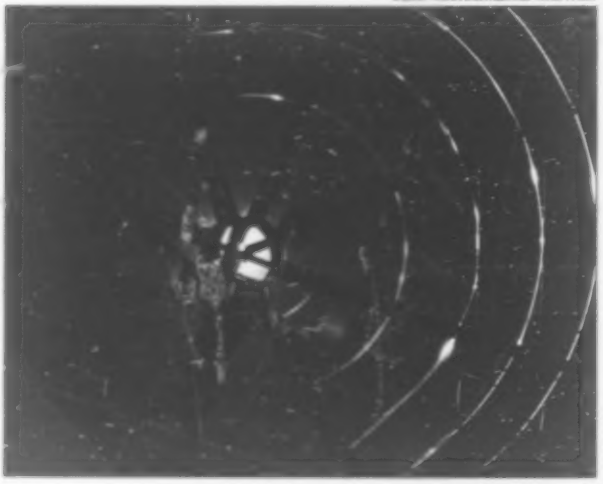
Telecommunications

Yardsticks of management performance

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt ÷ % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Carriers													
MCI Communications	o/o	1	32.1%	9.8%	151.9%	5.1%	1	75.5%	16.5%	1	43.6%‡	194.1%	very low
Centel	57/83	2	17.6	16.2	92.6	9.5	3	12.7	-1.7	4	5.6	5.8	very high
United Telecom	88/o	3	16.0	12.0	105.1	6.7	6	9.7	16.5	7	-0.8	-10.8	very low
Continental Telecom	68/o	4	14.8	17.4	124.9	9.9	2	16.2	4.9	6	4.4	24.3	very high
Alltel	76/o	5	14.5	15.4	130.3	10.1	4	11.9	7.6	5	4.8	10.2	average
GTE	70/o	6	14.4	14.2	110.1	7.1	8	8.2	8.2	3	8.5	-5.7	average
So New England Tel	o/o	7	13.4	12.6	58.3	9.1	5	11.7	4.3	2	8.8	-6.5	high
Western Union	o/no	8	0.7	def	119.3	def	7	9.6	-0.1		NM	D-D	NM
American Info Tech	o/o		NA	14.6	67.7	11.6		NA	NA		NA	NA	NA
American Tel & Tel	o/o		NA	10.5	57.1	4.6		NA	NA		NA	NA	NA
Bell Atlantic	o/o		NA	14.2	63.2	12.0		NA	NA		NA	NA	NA
BellSouth	o/o		NA	15.3	68.4	14.0		NA	NA		NA	NA	NA
Nynex	o/o		NA	13.7	69.3	10.7		NA	NA		NA	NA	NA

• 90% or more DD: Segment deficit, total deficit. DP: Segment deficit, total profit. PD: Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. For further explanation, see page 56.

Wilson North International Stock Photo



rate increases. But, by and large, state utility regulators did not lower allowable rates of return for telephone companies when interest rates fell. That helped earnings as local telephone companies cut personnel and operating costs last year. Thus, it is good news for the industry that some public utilities commissions are deregulation-minded today. In Illinois, for example, any telephone service that is offered by at least two competitors will be free of rate regulation by 1989.

Keep in mind, though, that "deregulating" is not the same thing as "deregulated." As Wertheim's telecommunications analyst Lap Lee puts it, "You can never overestimate the effect a regulator can have—either positively or negatively."

As things now stand, AT&T still dominates this industry. Even with three-fourths of its assets spun off, the market value of AT&T has recovered to about half what it was the week before the divestiture was announced in January 1982. Together, AT&T and the seven regional companies have doubled in market value since then, compared with a 72% increase for the S&P's 500. The old Bell system seems to be a case of the parts adding up to more than the whole.

MCI tops the list for profitability with a five-year return on equity of 32.1%. But for the latest 12 months MCI's return on equity has slipped down to 9.8%, reflecting the huge amount of capital spending needed to compete head-on with AT&T.

GTE's return on equity was 14.2% in the latest 12 months, close to its five-year average. That is fairly impressive, considering that Sprint is running big losses at the moment. Happily for GTE, two-thirds of its revenues—and almost all its profits—are still derived from local telephone operations. ■

		Profitability					Growth					
		Return on equity					Sales			Earnings per share		
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Pacific Telesis	87/•		NA	14.2%	84.8%	11.1%		NA	NA		NA	NA	NA
Southwestern Bell	82/•		NA	14.2	70.5	12.7		NA	NA		NA	NA	NA
US West	•/•		NA	14.3	73.0	12.3		NA	NA		NA	NA	NA
Medians			14.7	14.2	78.9	10.0		11.8	6.3		5.2	0.1	
Manufacturing													
TIE/Communications	•/•	1	30.3%	def	25.7%	def	1	71.0%	-29.9%	1	45.5%	P-D	average
Anixter Bros	•/•	2	19.0	9.1%	27.4	2.7%	3	16.9	8.9	4	-0.6	17.1%	very low
M/A-Com	64/52	3	16.4	9.3	29.1	4.7	2	38.1	9.9	3	7.6	2.2	low
Motorola	35/24	4	15.8	6.8	23.3	2.8	4	14.4	3.1	2	10.1	-61.0	average
ITT	28/27	5	10.6	6.9	42.9	3.4	5	-6.9	-14.2	5	-5.1	-9.7	very low
Medians			16.4	6.9	27.4	2.8		16.9	3.1		7.6	-9.7	
Industry medians			15.8	13.7	69.3	9.1		12.7	4.9		5.6	-5.7	
All-industry medians			13.7	12.7	36.6	3.8		6.9	4.3		0.3	-6.0	

• 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. P-D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year growth. For further explanation, see page 56.

WHO'S WHERE IN GROWTH

Here are five-year and latest-12-month sales and earnings rankings of 1,004 major U.S. corporations.

ALTHOUGH TAKEOVERS and buybacks have been center-stage recently, the stock market remains essentially an earnings game. That explains why many of the following companies with high ranks on five-year average earnings growth are also stock market leaders *(see p. 226)*.

Earnings and sales growth rates are calculated with a least-squares regression equation. We explain this method in The Forbes Yardsticks *(p. 56)*. Suffice it to say it serves the purpose of ironing out extreme fluctuations in percentages.

How went earnings growth last year? Badly. For 229 of the 768 ranked companies, the decline in earnings over the most recent 12 months was more than 10%.

Earnings leaders? One of them is Telex, a manufacturer of computer peripherals, whose per-share earnings advanced 49% over the past 12 months. That's not as good as its 97.3% five-year rate but is still quite exceptional *(see p. 116)*. Price Co. has a similar story: a five-year earnings growth rate of 80.4% and a 12-month return of 59.8%. Unsustainable, of course, but exciting while it lasts.

When looking at earnings growth rates, refer to the earnings stability figure printed along with the industry survey tables *(pp. 58 to 211)*. That helps tell you whether you can count on a high rate's continuing.

Take a company such as Anheuser-Busch in the alcoholic beverages subindustry. It shows an earnings growth rate of 18.9% and a stability factor of Very High, meaning the growth was stable. Earnings at the big brewer went from $1.06 in 1979 to $2.47 in 1984 with annual gains between 9% and 26%.

On the other hand, Digital Equipment in the computer group shows a 4.5% earnings growth rate. But its Very Low earnings stability factor reflects the fact that earnings declined substantially in 1983.

General Motors has a five-year earnings growth rate of 148%. Sizzling. But wait a moment. Note the double-dagger footnote next to GM's rate. That means earnings change was measured over three years rather than five. Why? Because GM lost $762.5 million in 1980. Computing a growth rate from a negative is impossible, of course. So the starting point for measuring GM was 1981, a recovery year in which the company earned only $1.07 a share, while profits in 1984 were a record $14.22 a share. Just as Telex' and Price's growth rates are unsustainable, so, clearly, is GM's. It is always important to take these figures in context.

Here's another example: Fleetwood Enterprises ranks second in growth with 194.2%. But Fleetwood's earnings were only 11 cents in 1981, the starting point, since that was the year earnings turned positive. Again, you can't take earnings growth in isolation. You must ask: Growth from what level?

There is less correlation between sales growth and stock prices than between earnings and stock price, of course, since sales growth does not always translate into profits. Nevertheless, sales growth counts for something, and to help evaluate it, the stock market table lists a price-to-sales ratio, or PSR. FORBES columnist Kenneth Fisher, a strong proponent of low-PSR stocks, argues that even if a company has a high or negative P/E, the stock may be worthwhile if the PSR is low enough. Why so? What's so hot about sales that don't provide profits? The answer: leverage. Even a modest profit improvement on a big sales volume translates into sizable gains in earnings per share. ■

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Minstar	1	242.6%‡‡	-21.0%	20	46.6%	54.3%
Fleetwood Enterprises	2	194.2‡‡	-16.4	217	15.3	-11.5
Southmark	3	151.6‡	28.8	2	103.2	15.1
General Motors	4	148.3‡‡	-29.9	652	5.6	10.5
Coachmen Industries	5	98.0‡‡	-65.3	43	32.9	-30.4
Telex	6	97.3	49.0	63	28.1	52.0
Price Co	[illegible]	80.4	59.8	6	74.1	61.6
Kellwood	8	74.6	29.1	793	2.1	-4.8
Hasbro	9	65.0	42.3	34	37.5	111.0
Student Loan	10	64.5	29.6	15	49.2	8.7
General Host	11	62.8‡‡	500.0+	860	-0.3	-15.4
Saga	12	60.9	-20.7	388	11.1	11.0
Apple Computer	13	59.2	-5.7	4	99.8	26.6
Limited	14	56.2	47.8	26	42.8	66.5
Fidelcor	15	53.5	17.2	176	17.0	3.6
American Continental	16	53.2	291.3	144	18.9	25.9
Macmillan	17	50.7‡	17.2	904	-2.6	24.5
Outboard Marine	18	49.6	-42.4	712	4.3	-4.5
M Lowenstein	19	47.5‡	-23.4	870	-0.9	-7.0
Jefferson Smurfit	20	47.3	-3.6	80	25.6	-2.0
Brunswick	21	46.2	5.6	785	2.3	5.0
TIE/Communications	22	45.5	P-D	7	71.0	-29.9
Munford	23	44.8	-20.1	555	7.8	9.8
Time Inc	24	44.7‡‡	15.3	198	16.1	11.1
First Executive	25	44.4	12.7	9	58.1	103.9
Charter Medical	26	44.2	17.1	62	28.6	27.4
Circuit City Stores	27	44.0	17.7	36	35.7	40.8
MCI Communications	28	43.6‡	194.1	5	75.5	16.5
Rohr Industries	29	43.5	17.3	574	7.6	-1.1
Wal-Mart Stores	30	43.0	24.1	28	39.9	32.2
General Cinema	31	43.0	76.2	598	6.9	-0.1
Firestone	32	41.8‡‡	-38.4	956	-6.1	-7.6
SCI Systems	33	41.8	7.3	8	61.9	15.2
Subaru of America	34	41.4	24.7	223	15.0	20.4
Dillard Dept Stores	35	40.5	32.0	81	25.2	49.3
Tyson Foods	36	40.0	89.3	235	14.7	51.4
Collins & Aikman	37	39.8	7.0	319	12.4	4.0
Oxford Industries	38	39.7	-76.0	123	20.0	-7.3
NIKE	39	37.8	2.9	21	45.1	5.9
Advanced Micro	40	37.4	-69.9	53	30.2	-14.3
Wang Laboratories	41	37.2	P-D	22	45.0	1.4
Humana	42	36.7	11.7	196	16.2	11.6
Primark	43	36.6	-14.3	341	11.9	-16.6
Magic Chef	44	36.4	-9.0	203	16.0	-5.6
Tandem Computers	45	35.5	-21.2	12	56.7	17.2
VF	46	35.4	10.5	163	17.5	21.4
American Stores	47	33.7	42.0	117	20.5	62.0
Stop & Shop Cos	48	33.6	-26.9	381	11.2	12.8
Grumman	49	33.1	-25.3	403	10.9	23.3
Toys "R" Us	50	32.2	12.7	59	29.3	25.4
Bairnco	51	31.4	-3.4	44	32.6	10.1
First Boston	52	31.0	36.8	33	38.0	30.6
Federal Express	53	30.5	1.0	30	39.2	39.1
E-Systems	54	30.0	2.1	153	18.1	13.9
North American Coal	55	29.9	1.8	696	4.8	3.9
Comdisco	56	29.7	101.9	112	21.2	8.3
ICH	57	29.4	53.1	18	47.1	255.2
Tandy	58	29.3	-16.2	146	18.7	5.3
National Medical	59	29.0	8.2	19	47.0	22.1
Texas Oil & Gas	60	28.9	-20.0	171	17.3	-16.7
Dun & Bradstreet	61	28.8	-44.5	181	16.9	14.8
Zayre	62	28.7	22.1	205	16.0	19.9
Rose's Stores	63	28.1	-13.9	266	14.0	9.2

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Bruno's	64	27.9%	28.6%	215	15.5%	22.8%
Hospital Corp	65	27.7	17.0	42	33.2	15.6
Sherwin-Williams	66	27.6	14.9	295	13.0	6.7
Dibrell Brothers	67	27.2	-29.3	779	2.4	13.3
Esselte Business Sys	68	26.7‡	-1.3	559	7.7	9.8
Sea-Land	69	26.6‡	-43.4	621	6.4	-4.7
State Street Boston	70	26.6	14.7	281	13.4	11.3
Foxmeyer	71	25.9	13.0	25	43.4	63.5
Roper Corp	72	25.8	P-D	658	5.5	-0.9
Avondale Mills	73	25.6	P-D	814	1.4	-23.3
Gap	74	25.1	-42.1	399	10.9	12.2
Giant Food	75	25.0	17.9	391	11.0	7.7
Big Bear	76	24.8	51.9	396	11.0	10.8
Beverly Enterprises	77	24.6	20.7	14	53.5	21.8
Cummins Engine	78	24.2‡‡	-59.7	757	3.0	-0.5
First Atlanta	79	24.0	30.5	136	19.2	18.7
Cooper Tire & Rubber	80	23.8	-13.6	275	13.7	-2.0
Bindley Western Inds	81	23.7	23.4	168	17.4	14.9
Ames Dept Stores	82	23.5	19.4	120	20.1	30.8
McCormick	83	22.9	-55.4	383	11.2	10.5
MEI	84	22.8	-2.0	93	23.6	12.8
Phillips-Van Heusen	85	22.6	-24.2	529	8.4	8.1
Waste Management	86	22.5	21.3	74	26.6	31.2
Monfort of Colorado	87	22.4‡‡	-4.9	142	19.0	1.7
Florida Natl Banks	88	22.0	76.7	69	27.5	12.2
Hewlett-Packard	89	21.9	-26.3	138	19.1	7.6
Lowe's Cos	90	21.8	7.0	247	14.4	18.6
Holly Corp	91	21.8	-22.1	583	7.3	1.5
Blount	92	21.8	-45.7	523	8.4	15.8
Servicemaster Inds	93	21.7	10.1	125	19.8	16.8
American Greetings	94	21.7	15.3	167	17.5	9.3
Food Lion	95	21.6	29.2	60	29.2	27.4
Super Food Services	96	21.4	25.2	554	7.8	8.3
Rite Aid	97	21.3	-15.5	360	11.7	14.6
Browning-Ferris Inds	98	21.3	19.3	194	16.2	16.7
Dean Foods	99	21.2	20.7	336	12.0	13.7
RH Macy	100	21.1	-15.6	257	14.2	7.5
Citizens & So Ga	101	21.0	8.7	207	15.9	57.6
Dow Jones	102	20.7	2.0	175	17.1	8.0
Allied Bancshares	103	20.7	6.8	27	40.0	10.8
Washington Post	104	20.4	50.7	418	10.4	12.2
Walgreen	105	20.2	10.1	214	15.5	15.2
Savannah Foods	106	20.1‡	-12.1	466	9.5	7.3
Strawbridge	106	20.1	16.6	367	11.5	12.5
New York Times	108	20.0	20.3	277	13.7	12.9
Turner	109	20.0	-15.5	788	2.2	17.7
Shaw Industries	110	19.9	2.8	164	17.5	11.1
Northeast Utilities	111	19.8	2.9	273	13.7	0.7
Marriott	112	19.8	24.4	135	19.3	15.7
Bank of Virginia	113	19.6	16.0	258	14.2	13.7
Payless Cashways	114	19.6	-12.1	54	30.2	35.1
Equitable Resources	115	19.6	-32.2	335	12.0	-12.1
San Diego G&E	116	19.5	-2.2	176	17.0	8.6
Portland Genl Electric	117	19.4	-29.2	312	12.5	18.8
Deluxe Check	118	19.3	22.0	292	13.1	11.8
Kansas City P&L	119	19.3	6.0	493	8.9	-0.5
Sysco	120	18.9	9.5	150	18.2	13.3
Anheuser-Busch Cos	121	18.9	15.3	132	19.5	7.2
Hannaford Bros	122	18.9	25.2	425	10.3	17.2
Warner-Lambert	123	18.7	9.8	873	-1.3	2.2
James River Corp Va	124	18.6	-7.0	13	53.6	3.0
Rubbermaid	125	18.6	16.7	305	12.7	11.2
EG&G	126	18.3	9.4	227	15.0	11.2

P-D Profit to deficit. ‡One-year growth. ‡‡Three-year growth.

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Yellow Freight System	127	18.3%	23.7%	435	10.1%	15.3%
Seagram	128	18.1	–28.4	750	3.2	10.3
Wachovia	129	17.9	22.0	229	14.9	7.8
Wendy's Intl	129	17.9	13.3	67	27.9	20.5
Arden Group	131	17.8	117.5	886	–1.7	–5.1
Nordstrom	132	17.8	18.4	96	23.4	29.3
Bergen Brunswig	133	17.8	31.7	78	26.1	43.0
Abbott Laboratories	134	17.7	16.3	298	12.9	6.6
Revco DS	135	17.7	–63.9	145	18.9	8.1
PHH Group	136	17.5	11.5	95	23.4	41.2
Mercantile Stores	137	17.5	4.2	402	10.9	6.8
Pulte Home	138	17.4	–2.3	72	27.1	–13.4
Meredith	139	17.3	25.6	567	7.7	4.6
Herman Miller	140	17.2	24.1	190	16.5	16.1
SunTrust Banks	140	17.2	5.6	84	24.5	14.3
American Medical	142	17.2	18.3	39	34.4	14.9
Capital Cities	143	17.2	7.2	159	17.6	12.8
General Dynamics	144	17.1	28.5	248	14.4	5.2
NWA	145	17.0	–22.7	327	12.2	6.9
Barnett Banks Fla	146	17.0	11.2	45	32.3	21.2
Hartmarx	147	16.9	1.2	372	11.4	6.2
Computervision	148	16.7	P–D	55	29.9	–3.2
Natl Convenience	149	16.7	–34.6	147	18.6	11.3
Robertshaw Controls	150	16.7	–0.5	728	3.9	–1.2
Prime Computer	151	16.6	0.0	50	30.7	18.8
Morton Thiokol	152	16.6	78.9	116	20.6	–8.8
General Public Utils	153	16.6	13.2	313	12.5	7.2
Dynalectron	154	16.6	28.6	413	10.5	6.8
Delchamps	155	16.5	2.2	105	22.2	8.5
Echlin	156	16.4	3.8	137	19.2	12.0
Service Merchandise	156	16.4	–66.0	152	18.1	36.0
Supermarkets General	158	16.3	50.2	333	12.1	36.4
Consolidated Edison	159	16.2	–0.9	376	11.3	–2.5
McDonald's	160	16.1	13.2	350	11.8	9.6
Brown-Forman	161	16.0	32.6	149	18.4	0.9
Sovran Financial	162	16.0	16.8	235	14.7	13.8
Clorox	163	16.0	13.0	332	12.1	9.0
RR Donnelley	164	15.9	12.0	290	13.1	15.2
Super Valu Stores	165	15.9	–11.4	290	13.1	12.4
IBM	166	15.8	–4.1	220	15.1	6.9
Kaman	167	15.8	11.2	472	9.4	3.0
Tracor	168	15.7	–7.3	222	15.0	11.0
CoreStates Financial	169	15.6	97.0	300	12.9	1.3
Transworld	170	15.5	7.0	580	7.3	1.7
HJ Heinz	171	15.4	10.9	477	9.3	1.0
Texas Commerce Bcshs	172	15.2	–31.1	122	20.0	1.3
Albertson's	173	15.0	5.2	328	12.2	8.7
Berkshire Hathaway	173	15.0	11.8	508	8.7	26.0
Pfizer	173	15.0	12.3	592	7.0	1.9
Fleming Coo	176	14.8	9.5	160	17.6	28.8
Curtice-Burns	177	14.8	–10.5	240	14.6	–0.4
Fleet Financial	178	14.8	22.1	211	15.6	10.3
Flowers Industries	179	14.7	17.7	264	14.1	3.6
Sonat	180	14.7	–34.8	299	12.9	–8.7
Ralston Purina	181	14.6	17.5	829	0.9	17.8
May Dept Stores	182	14.6	9.3	449	9.8	10.2
Questar	183	14.3	–11.8	234	14.7	0.6
Sanders Associates	184	14.3	–14.7	41	33.2	18.7
Bristol-Myers	185	14.3	12.5	536	8.3	5.1
Cluett, Peabody	185	14.3	–42.7	624	6.3	3.5
Torchmark	187	14.2	35.6	76	26.4	0.0
Automatic Data	188	14.0	16.4	143	18.9	15.3
Commonwealth Energy	188	14.0	–13.4	371	11.4	–3.6
First Union	190	14.0%	24.1%	115	20.7%	17.2%
Weis Markets	191	13.9	7.9	472	9.4	4.3
Loral	192	13.9	21.6	79	26.0	17.7
Rochester G&E	193	13.9	7.3	276	13.7	–4.3
Wisconsin Electric	194	13.9	0.2	394	11.0	–1.6
Oklahoma G&E	195	13.8	–10.9	345	11.8	4.4
PNC Financial	196	13.8	25.7	262	14.1	23.2
Thrifty Corp	197	13.7	14.3	525	8.4	8.1
Avery International	198	13.7	6.9	443	10.0	0.7
Fort Howard Paper	199	13.6	15.4	58	29.4	5.5
McDonnell Douglas	200	13.6	8.0	354	11.7	21.0
Associated Dry Goods	201	13.6	–0.7	129	19.6	9.5
DeSoto	202	13.6	–13.1	761	2.9	6.1
United Virginia Bkshs	203	13.5	14.7	202	16.1	11.1
Sears, Roebuck	204	13.5	–19.9	417	10.4	4.6
Bank of New York	205	13.4	4.2	320	12.3	4.0
No States Power	206	13.3	–5.8	334	12.1	0.1
JC Penney	207	13.3	–18.6	760	3.0	2.3
Philip Morris Cos	208	13.1	10.9	439	10.0	1.8
McGraw-Hill	209	13.0	5.0	463	9.5	8.0
New England Electric	210	13.0	10.7	457	9.6	–3.6
American Hospital	211	13.0	–6.4	386	11.2	–1.0
Southern Company	212	12.9	3.6	265	14.0	11.1
Ametek	213	12.9	–17.7	709	4.5	–2.9
Hershey Foods	213	12.9	6.6	453	9.7	7.9
Longview Fibre	215	12.9	–42.4	651	5.6	–1.2
Commonwealth Ed	216	12.8	6.6	320	12.3	2.6
RJ Reynolds Inds	217	12.8	48.3	347	11.8	6.8
Whirlpool	218	12.7	–10.5	628	6.2	8.0
Arvin Industries	219	12.7	10.7	438	10.1	9.8
Banc One	220	12.7	13.4	38	35.1	20.7
National Fuel Gas	220	12.7	–7.3	329	12.2	–12.1
First of America Bank	222	12.5	27.8	70	27.3	6.6
Melville	223	12.4	5.5	165	17.5	7.7
Sara Lee	223	12.4	11.1	551	7.9	12.0
Southwestern Pub Svc	225	12.3	5.8	195	16.2	3.2
Gerber Products	226	12.3	1.6	510	8.7	7.7
G Heileman Brewing	226	12.3	–15.1	205	16.0	–0.6
Rohm & Haas	226	12.3	–12.5	713	4.3	0.7
Loews	229	12.3	48.7	667	5.4	19.5
Sealed Power	230	12.2	–20.4	153	18.1‡	20.0
Waldbaum	231	12.1	27.8	503	8.8	4.3
American Home Prods	232	12.1	6.9	609	6.6	–7.6
Bank of Boston	232	12.1	59.5	394	11.0	14.9
Reichhold Chemicals	234	12.1	–36.9	912	–3.1	0.3
Southwest Airlines	235	12.0	4.8	52	30.4	20.2
Ball Corp	236	11.9	11.1	322	12.3	5.1
Southland	237	11.9	25.0	87	24.1	4.3
Consol Natural Gas	238	11.9	–6.6	365	11.6	–8.0
General Mills	239	11.9	P–D	504	8.8	–22.7
Potomac Electric	240	11.8	9.4	431	10.2	10.5
Springs Industries	240	11.8	–62.7	764	2.8	–6.1
Kansas Power & Light	242	11.8	–11.4	40	33.3	–11.2
Ryder System	242	11.8	–11.0	370	11.5	–1.7
Pioneer	244	11.7	–51.1	952	–5.7	5.6
Wisconsin P&L	245	11.7	17.0	432	10.2	–2.4
Rockwell Intl	246	11.7	23.1	568	7.7	21.6
Roadway Services	247	11.5	–13.9	680	5.1	9.5
Federal Co	248	11.5	–16.2	571	7.6	–5.9
Rykoff-Sexton	249	11.4	17.2	306	12.7	26.5
Ruddick	250	11.4	–12.8	469	9.4	20.8
Kansas City Southern	251	11.4	52.1	381	11.2	1.7
Equifax	252	11.2	1.2	533	8.3	11.8

P–D: Profit to deficit. ‡: Four-year growth.

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months	Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Citicorp	253	11.2%	21.4%	389	11.1%	13.1%	Entex	315	9.2%	–43.9%	270	13.8%	–9.6%
Sheller-Globe	254	11.1‡‡	11.3	643	5.8	12.4	Wisconsin Public Svc	317	9.2	–3.7	352	11.7	–2.1
United States Shoe	255	11.0	–3.5	269	13.8	14.5	Amdahl	318	9.2	–15.0	110	21.7	7.1
Washington Gas Light	256	11.0	–6.8	174	17.2	–10.8	Transco Energy	318	9.2	–81.3	173	17.2	–4.9
First Fidelity Bncp	257	11.0	0.6	61	29.0	8.8	Intel	320	9.2	–82.3	183	16.8	–5.3
Life Investors	258	11.0	11.9	92	23.7	17.3	Brown Group	321	9.2	–52.0	605	6.7	–7.0
Bankers Trust NY	259	10.9	13.1	496	8.9	6.1	Dayton-Hudson	322	9.1	10.3	140	19.0	12.2
NCNB	260	10.8	15.3	107	22.2	12.7	Delmarva Power & Lt	323	9.1	1.9	455	9.7	2.9
Cleveland Electric	261	10.7	–1.7	499	8.9	3.7	Maytag	324	9.1	14.4	279	13.6	7.4
Cincinnati Financial	262	10.7	1.2	415	10.4	20.0	Niagara Mohawk Power	324	9.1	–10.7	289	13.1	–2.2
Laclede Gas	263	10.7	–3.3	286	13.2	–8.5	Maryland National	326	9.1	35.8	221	15.1	23.8
McLean Industries	264	10.6‡‡	P–D	331	12.1	24.5	Kentucky Utilities	327	9.0	–7.8	429	10.2	1.9
Republic New York	265	10.6	3.6	141	19.0	14.9	Hartford National	328	9.0	10.7	102	22.5	29.3
JP Morgan	266	10.6	39.2	448	9.9	6.3	Farmers Group	329	9.0	12.7	198	16.1	10.8
Borden	267	10.6	5.2	852	0.0	0.5	Pitney Bowes	329	9.0	9.2	427	10.2	5.4
West Point-Pepperell	267	10.6	–49.1	744	3.4	–9.7	Knight-Ridder	331	9.0	6.3	407	10.8	6.0
Wetterau	269	10.5	23.9	119	20.3	11.2	Kelly Services	332	9.0	23.7	309	12.5	21.1
Jerrico	270	10.5	10.6	314	12.4	5.0	Eli Lilly	333	8.9	8.6	604	6.7	4.8
K mart	270	10.5	–23.2	443	10.0	13.4	Diversified Energies	334	8.9	–63.4	158	17.7	–0.8
Jostens	272	10.5	6.0	386	11.2	16.6	Longs Drug Stores	335	8.9	7.8	345	11.8	13.9
Wyman-Gordon	273	10.4	–46.4	923	–3.8	–1.0	Olin	336	8.9	P–D	787	2.3	–9.6
Baltimore G&E	274	10.4	–7.3	376	11.3	–0.6	So New England Tel	337	8.8	–6.5	355	11.7	4.3
Chemical New York	275	10.4	21.6	452	9.7	2.4	Dover	338	8.8	–5.4	351	11.7	21.9
Culbro	276	10.4‡	–20.6	148	18.6	–1.5	Business Men's Assur	339	8.7	23.6	495	8.9	1.1
Allegheny Power	277	10.3	–6.3	355	11.7	4.8	Illinois Power	340	8.6	–12.8	344	11.9	–7.5
First Tennessee Natl	277	10.3	20.3	244	14.5	11.1	Capital Holding	341	8.6	2.2	48	31.3	14.2
Geico	279	10.3	–13.9	590	7.1	20.4	Monsanto	342	8.6	–34.9	835	0.5	–3.4
Southern Calif Edison	279	10.3	2.5	363	11.6	8.5	GTE	343	8.5	–5.7	541	8.2	8.2
Midlantic Banks	281	10.3	15.7	109	21.8	22.5	Armstrong Rubber	344	8.5‡‡	–41.8	363	11.6	15.4
ConAgra	282	10.2	53.6	31	38.6	39.3	Meridian Bancorp	345	8.5	31.7	250	14.4	38.8
General Electric	282	10.2	5.4	735	3.7	0.5	Federated Dept Stores	346	8.5	11.0	404	10.8	8.0
Gannett	284	10.2	17.9	311	12.5	15.7	Pacific G&E	347	8.4	12.9	384	11.2	15.2
Motorola	285	10.1	–61.0	253	14.4	3.1	Campbell Soup	348	8.4	3.2	454	9.7	9.1
KeyCorp	286	10.1	22.7	85	24.4	38.4	BayBanks	349	8.3	29.1	192	16.4	10.6
Jefferson-Pilot	287	10.1	51.6	688	4.9	6.6	Central & South West	350	8.3	1.1	243	14.6	–1.4
Shawmut	288	10.0	19.6	127	19.7	8.4	Universal Foods	351	8.2	46.8	562	7.7	14.6
Texas Utilities	288	10.0	0.5	169	17.4	6.4	Toledo Edison	352	8.2	30.6	525	8.4	36.5
Bank of New England	290	10.0	–6.1	128	19.7	9.3	MCorp	353	8.1	–14.5	57	29.6	66.8
Allied Stores	291	9.9	25.5	272	13.8	5.7	Winn-Dixie Stores	354	8.1	–8.1	522	8.5	7.0
Iowa-Illinois G&E	292	9.9	7.4	393	11.0	–3.7	Scana	355	8.0	–6.3	209	15.6	3.7
Pillsbury	293	9.9	12.2	352	11.7	14.3	Ohio Edison	356	7.9	–5.1	397	11.0	5.4
Security Pacific	294	9.9	12.5	244	14.5	6.5	TECO Energy	357	7.8	–4.4	467	9.5	19.8
Del E Webb	294	9.9	29.3	928	–4.2	–32.3	Florida Progress	358	7.8	26.3	446	9.9	13.0
Media General	296	9.8	–11.8	238	14.6	5.7	Provident Life & Acc	359	7.8	7.9	586	7.3	21.7
Holiday	297	9.8	36.3	615	6.5	5.4	Emerson Electric	360	7.8	6.5	539	8.2	11.3
Stanadyne	298	9.8	–18.0	830	0.6	0.7	Scott & Fetzer	360	7.8	–5.9	862	–0.3	–1.7
Times Mirror	299	9.6	13.1	412	10.6	5.0	Alexander & Baldwin	362	7.7	24.6	693	4.8	6.5
Hillenbrand Inds	300	9.6	–3.2	434	10.1	6.2	Libbey-Owens-Ford	363	7.7	0.7	673	5.2	12.0
United Illuminating	301	9.6	6.8	408	10.7	0.5	M/A-Com	364	7.6	2.2	32	38.1	9.9
Universal Leaf	301	9.6	4.8	800	1.9	12.9	Burlington Northern	365	7.6	7.9	186	16.7	7.8
Public Service Colo	303	9.5	–6.0	270	13.8	–0.3	Westinghouse	366	7.4	13.8	630	6.1	4.0
Emhart	304	9.5	–12.4	819	1.3	–2.9	Manufacturers Natl	367	7.4	26.5	556	7.8	4.3
PacifiCorp	304	9.5	–4.5	172	17.3	12.8	Squibb	367	7.4	12.9	705	4.6	7.3
Kellogg	306	9.5	34.0	635	6.0	12.8	Amoco	369	7.3	1.1	645	5.7	–3.3
Schlumberger	307	9.4	–10.7	490	9.0	6.2	Philadelphia Electric	370	7.3	–2.7	358	11.7	2.8
Procter & Gamble	308	9.4	–21.8	627	6.2	3.9	NCR	371	7.3	–3.8	652	5.6	5.4
Norstar Bancorp	309	9.4	5.4	37	35.7	32.1	Harvey Hubbell	372	7.2	11.6	728	3.9	8.7
Johnson Controls	310	9.3	1.9	543	8.1	25.4	Marine Midland Banks	373	7.2	–3.5	414	10.5	–2.4
National Service	311	9.3	10.0	566	7.7	11.0	Johnson & Johnson	374	7.1	30.0	573	7.6	4.5
SCOA Industries	311	9.3	9.8	418	10.4	5.1	Genuine Parts	375	7.1	7.9	330	12.2	1.0
SmithKline Beckman	313	9.3	4.2	156	17.8	7.8	Todd Shipyards	375	7.1	–62.1	837	0.4	–30.7
Goodyear	314	9.3	2.8	719	4.2	–5.8	Atlanta Gas Light	377	7.0	–19.1	170	17.4	–5.0
AMP	315	9.2	–39.1	378	11.3	–9.0	Louisville G&E	377	7.0	2.4	292	13.1	1.1

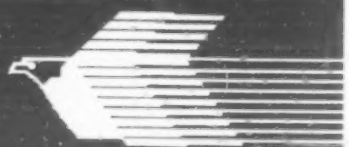
P-D: Profit to deficit ‡Four year growth ‡‡Three year growth

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Brooklyn Union Gas	379	7.0%	7.7%	185	16.8%	–0.8%
Sonoco Products	379	7.0	15.8	374	11.4	13.8
Masco	381	7.0	1.4	552	7.9	–15.4
American Intl Group	382	6.9	–25.4	288	13.2	21.9
Rainier Bancorp	383	6.8	3.6	433	10.1	3.7
American Family	384	6.8	23.7	162	17.5	12.8
USAir Group	385	6.7	–20.7	191	16.4	8.7
Gillette	386	6.7	–0.6	814	1.4	2.8
Dominion Resources	387	6.6	1.4	523	8.4	2.4
Orange & Rockland	387	6.6	–5.3	307	12.7	–3.8
Coca-Cola	389	6.6	8.4	584	7.3	6.0
Warnaco	390	6.5	–27.2	726	3.9	9.6
Duke Power	391	6.4	–3.1	300	12.9	9.1
United Technologies	392	6.4	–58.6	416	10.4	–4.3
Centex	393	6.4	–7.6	741	3.5	5.9
Society	394	6.4	6.5	231	14.8	60.0
American Natl Ins	395	6.2	–7.5	721	4.2	4.2
Borg-Warner	395	6.2	–15.4	528	8.4	0.8
Pioneer Hi-Bred Intl	397	6.2	47.9	246	14.5	14.7
Public Service E&G	398	6.2	–2.5	385	11.2	2.4
CilCorp	399	6.1	–8.2	488	9.0	–9.4
Carlisle Corp	400	6.1	–1.8	565	7.7	0.1
MidCon	401	6.1	P–D	212	15.5	–2.2
Central Hudson G&E	402	6.0	–1.1	250	14.4	–2.5
RepublicBank	402	6.0	23.2	193	16.3	3.6
Safeway Stores	404	5.9	28.8	582	7.3	2.6
Wm Wrigley Jr	405	5.9	8.5	777	2.5	2.9
Morrison-Knudsen	406	5.8	2.2	542	8.1	–0.7
North Amer Philips	406	5.8	–23.9	326	12.3	2.9
Nash Finch	408	5.8	1.3	615	6.5	8.7
Illinois Tool Works	409	5.7	2.7	559	7.7	4.2
FPL Group	410	5.7	34.8	268	14.0	9.3
Dart & Kraft	411	5.6	8.4	807	1.7	–0.8
Centel	412	5.6	5.8	304	12.7	–1.7
Atlantic City Electric	413	5.5	–13.7	283	13.3	7.6
Old Republic Intl	413	5.5	–11.1	639	5.9	71.9
Chesebrough-Pond's	415	5.5	–3.2	505	8.8	38.6
Middle South Utils	416	5.4	–7.9	422	10.3	1.6
Armstrong World Inds	417	5.4	15.1	763	2.9	6.0
Cullum Cos	417	5.4	24.6	470	9.4	–12.8
Litton Industries	419	5.4	–0.7	769	2.6	–0.3
NY State E&G	420	5.3	–4.4	252	14.4	12.2
Tecumseh Products	421	5.3	–15.7	830	0.6	–6.7
Central Ill Pub Svc	422	5.2	–4.7	392	11.0	0.7
Dayton Power & Lt	423	5.1	11.5	318	12.4	–1.6
Snap-on Tools	423	5.1	3.5	618	6.5	12.0
Duquesne Light	425	5.1	–5.2	637	5.9	2.0
Ethyl	425	5.1	3.1	852	0.0	–10.6
Merck	425	5.1	10.9	570	7.6	2.8
NBD Bancorp	428	5.1	25.8	484	9.1	14.8
National City	429	5.0	22.6	280	13.4	78.8
Witco	430	5.0	–9.1	545	8.0	–0.9
Alltel	431	4.8	10.2	339	11.9	7.6
Pittway	431	4.8	–3.2	368	11.5	10.2
WW Grainger	433	4.8	7.0	625	6.3	7.6
Public Service NH	433	4.8	–17.4	380	11.2	–1.2
Carolina Power & Lt	435	4.7	8.5	228	15.0	4.7
Gulf States Utilities	436	4.7	–3.5	323	12.3	18.5
Household Intl	436	4.7	–4.6	483	9.1	5.3
Mellon Bank	436	4.7	15.9	126	19.8	9.8
Interpublic Group	439	4.7	–0.7	358	11.7	4.0
Long Island Lighting	440	4.7	23.3	309	12.5	5.4
Wells Fargo	441	4.7	23.9	485	9.0	4.1
Unocal	442	4.6%	–2.9%	674	5.2%	2.6%
First Bank System	443	4.6	40.1	201	16.1	9.4
Worthington Inds	444	4.6	14.9	216	15.4	11.8
Ipalco Enterprises	445	4.6	–11.5	595	7.0	1.7
Iowa Resources	446	4.5	–21.0	283	13.3	–5.0
Digital Equipment	447	4.5	–21.9	86	24.3	12.8
Sterling Drug	448	4.5	5.6	727	3.9	–3.0
Dennison Mfg	449	4.4	–21.1	521	8.5	–2.8
Continental Telecom	450	4.4	24.3	197	16.2	4.9
Beatrice	451	4.3	4.4	602	6.8	26.0
Huntington Bcshs	451	4.3	20.2	100	22.7	4.5
First Wisconsin	453	4.3	19.8	699	4.6	4.1
Carson Pirie Scott	454	4.2	132.5	131	12.6	23.2
Texas American Bcshs	455	4.1	–21.5	134	19.4	9.9
Std Commercial Tob	456	4.0	–23.0	691	4.8	9.6
Piedmont Aviation	457	3.9	7.0	64	28.0	21.2
Mercantile Bancorp	458	3.9	4.7	553	7.9	9.4
Detroit Edison	459	3.8	3.2	549	8.0	12.4
AZP Group	460	3.7	0.9	457	9.6	17.7
Rorer Group	460	3.7	–1.9	248	14.4	7.2
Jack Eckerd	462	3.7	P–D	237	14.7	–4.4
Consolidated Papers	463	3.6	43.8	579	7.4	7.3
Purolator Courier	464	3.5	P–D	437	10.1	1.5
Boston Edison	465	3.5	10.3	375	11.3	–4.1
Rollins	466	3.5‡	10.9	825	1.0‡	9.4
Owens-Corning	467	3.5	5.2	636	5.9	3.1
Irving Bank	468	3.4	9.4	558	7.8	–0.9
Intl Multifoods	469	3.4	15.3	782	2.4	14.2
Pentair	470	3.4	–3.9	113	21.0	8.1
Manufacturers Hanover	471	3.3	15.6	266	14.0	9.7
Amer Broadcasting	472	3.1	–9.1	355	11.7	–9.7
Central Maine Power	473	3.1	–97.7	302	12.9	2.1
Avnet	474	3.1	–58.7	658	5.5	–15.9
PPG Industries	474	3.1	2.5	634	6.0	3.9
Teledyne	474	3.1	33.6	742	3.5	–3.4
Combined Intl	477	3.0	17.7	225	15.0	6.2
Comerica	477	3.0	3.8	179	16.9	8.9
InterNorth	479	3.0	–16.7	101	22.6	80.2
Exxon	480	2.9	–15.1	838	0.4	–4.6
Dexter	481	2.9	–3.3	682	5.0	1.4
Wicor	482	2.8	–26.6	155	17.9	–2.2
AmeriTrust	483	2.8	15.5	716	4.2	10.8
Zapata	484	2.8	–91.6	950	–5.7	–9.1
Archer-Daniels	485	2.7	60.2	209	15.6	5.1
Figgie Intl	486	2.7	27.2	869	–0.7	8.5
Consol Freightways	487	2.7	15.9	882	–1.7	16.1
Quaker Oats	488	2.6	16.4	510	8.7	1.5
USG	489	2.5	20.6	609	6.6	16.7
American Cyanamid	490	2.3	–22.7	764	2.8	–4.8
Air Prods & Chems	491	2.3	4.4	623	6.3	5.4
Intl Flavors & Frags	492	2.2	–1.6	781	2.4	2.6
Tyler	492	2.2	–38.4	261	14.1	–18.8
Hawaiian Electric	494	2.2	–4.9	262	14.1	–1.3
Riggs National	495	2.2	17.4	254	14.3	6.8
Northrop	496	2.2	59.2	118	20.3	35.1
DWG	497	2.1	P–D	124	19.8	68.6
American Brands	498	2.1	–1.0	766	2.8	0.2
Peoples Energy	499	2.1	13.5	519	8.5	–2.8
Cincinnati G&E	500	2.0	15.5	337	12.0	–2.5
Ex-Cell-O	500	2.0	9.0	809	1.6	3.1
Alco Standard	502	2.0	–18.6	397	11.0	12.7
American Express	503	1.8	61.5	108	21.9	22.1
Southeast Banking	503	1.8	–5.2	188	16.7	8.9

P-D Profit to deficit. ‡Four year growth.

VAN KAMPEN MERRITT
U.S. GOVERNMENT FUND
INC.



11.43%*

Plus the safety of U.S. government and agency securities, monthly distributions, distribution reinvestment at no charge, and low investment minimums. Plus an exceptional feature concerning quality.

Call 1-800-633-2252, Ext. 200. TOLL FREE. We'll rush a prospectus which includes information about charges and expenses. Read it carefully before you invest or send money. Call today, day or night.

Suitable for IRAs.

*Current return is determined by annualizing the monthly distributions paid per share for the 1 month period ending December 11, 1985, and dividing the result by the ending maximum public offering price for the same period. This will vary because of changes in the Fund's distributions and offering price. Shares may be redeemed at more or less than the cost. ® denotes a registered trademark of Van Kampen Merritt Inc.

Forbes Subscriber Service
60 Fifth Avenue
New York, NY 10011
Call: 212-620-2243

Change of Address. Please give six weeks notice. Write your new address on this form and return it with a recent mailing label from the magazine.

New Subscription. To order Forbes, fill in the form and return it with a check for the subscription you prefer. ☐ 1 year $42 ☐ 3 years $84 (the equivalent of one year free). Canadian orders, 1 year $77C, 3 years $173C. Orders for other countries add $25 a year to U.S. rate. By air to Europe, add $35.

ATTACH MAGAZINE MAILING LABEL OR WRITE SUBSCRIBER NUMBER HERE

Subscriber number

Name (please print)

New Address

City

State Zip

Date of address change

F 4826

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months	Company
First Interstate	505	1.8%	11.0%	338	11.9%	7.0%	CSX
Nalco Chemical	506	1.8	–4.2	777	2.5	–5.2	Dana
American Electric	507	1.8	–12.3	449	9.8	–0.5	Oneok
Houston Industries	508	1.7	13.5	151	18.2	–3.1	Murphy Oil
American General	509	1.6	21.4	104	22.3	11.3	No Indiana Pub Svc
Stanley Works	510	1.6	7.5	710	4.4	6.9	George A Hormel
Hilton Hotels	511	1.6	32.6	689	4.9	2.4	Safeco
Standard Oil Ohio	512	1.5	–5.8	629	6.1	5.9	Square D
Minn Mining & Mfg	513	1.3	–5.0	617	6.5	2.4	Hammermill Paper
Shaklee	514	1.3	–2.0	550	8.0	–11.6	EF Hutton Group
Univar	515	1.2	–30.3	744	3.4	3.2	Norfolk Southern
Burroughs	516	1.2	–3.3	308	12.6	4.3	Montana Power
KN Energy	516	1.2	–23.8	530	8.4	–7.9	CPC International
Lincoln National	518	1.0	–0.7	315	12.4	9.1	Texas Eastern
Utah Power & Light	519	1.0	–15.4	295	13.0	11.0	El du Pont
Pacific Lighting	520	1.0	2.3	208	15.7	9.1	Central Steel & Wire
Ponderosa	521	0.9	–93.8	487	9.0	1.8	Gordon Jewelry
Westvaco	522	0.8	–20.7	644	5.8	–2.5	Honeywell
Santa Fe Southern	523	0.8	–1.6	735	3.7	–0.8	Edison Bros Stores
Emery Air Freight	524	0.8	–29.8	488	9.0	10.3	MCA
Federal-Mogul	525	0.7	–4.0	704	4.6	1.2	Farm House Foods
John Blair & Co	526	0.7	P-D	51	30.6	35.4	Crown Cork & Seal
Petrie Stores	527	0.6	18.6	258	14.2	50.9	PepsiCo
Bausch & Lomb	528	0.6	38.0	836	0.5	–12.1	Kidde
TRW	529	0.6	–69.	685	4.9	2.4	American District
Church's Fried	530	0.5	27.5	543	8.1	11.6	CBS
Pennsylvania P&L	530	0.5	–11.0	316	12.4	16.8	Scott Paper
US Bancorp	532	0.5	14.1	399	10.9	12.3	Panhandle Eastern
Federal Paper Board	533	0.5	–63.6	559	7.7	15.2	Columbia Gas System
National Gypsum	534	0.4	23.8	492	9.0	6.8	Adolph Coors
Lear Siegler	535	0.3	2.2	646	5.7	11.6	IC Industries
Gt Northern Nekoosa	536	0.3	–52.1	538	8.2	5.1	Schering-Plough
Boeing	537	0.3	–35.3	695	4.8	30.4	Cabot
Tektronix	538	0.0	–40.6	436	10.1	4.5	First Chicago
Upjohn	539	0.0	6.9	620	6.4	–6.5	Kimberly-Clark
Kroger	540	0.0	27.5	325	12.3	5.8	Eagle-Picher Inds
Engelhard	541	–0.2	0.6	848	0.1	–4.8	Jim Walter
Chase Manhattan	542	–0.2	28.6	571	7.6	3.5	Williams Cos
Union Camp	543	–0.2	–38.3	661	5.5	–2.8	Zurn Industries
Vulcan Materials	543	–0.2	–3.5	708	4.5	3.8	Bemis
Computer Sciences	545	–0.3	54.3	501	8.8	10.7	Burlington Inds
MGM/UA Entertainment	545	–0.3	P-D	29	39.4	–7.3	McKesson
Valley National	545	–0.3	33.6	274	13.7	10.6	Becton, Dickinson
Lucky Stores	548	–0.3	12.8	462	9.5	6.5	Greyhound
Carter Hawley Hale	549	–0.3	–50.0	461	9.6	–2.0	ITT
Puget Sound P&L	550	–0.4	28.3	189	16.6	9.4	Whittaker
Tribune	551	–0.4	14.8	465	9.5	11.2	Penn Traffic
Anixter Bros	552	–0.6	17.1	178	16.9	8.9	Palm Beach
Harcourt Brace	553	–0.7	20.9	481	9.1	26.7	Quaker State Oil
Moore Corp	554	–0.7	39.8	725	4.0	2.9	Phillips Petroleum
United Telecom	555	–0.8	–10.8	455	9.7	16.5	Nucor
Arkla	556	–0.9	–25.0	442	10.0	–16.9	Merrill Lynch
Hercules	557	–0.9	–23.3	813	1.5	–1.2	Ceco Industries
Pueblo International	557	–0.9	–28.1	513	8.7	3.0	Skyline
Raychem	559	–1.0	–7.9	366	11.5	9.3	Colgate-Palmolive
Raytheon	559	–1.0	63.9	518	8.5	1.0	Tenneco
Insilco	561	–1.1	–11.1	706	4.5	6.6	American Maize
Tyco Laboratories	562	–1.1	–6.0	83	24.5	–4.9	Phibro-Salomon
Monarch Capital	563	–1.1	–11.3	66	28.0	37.3	Parker-Hannifin
General Signal	564	–1.2	–2.2	711	4.4	2.2	Travelers
Bowater	565	–1.3	24.2	663	5.5	–0.6	Halliburton
Interlake	566	–1.3	–23.1	958	–6.4	–13.3	Textron
Perkin-Elmer	567	–1.5	5.4	594	7.0	7.8	Union Pacific

P D: Profit to deficit

	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
	568	-1.6%	-19.5%	423	10.3%	-5.1%
	568	-1.6	2.5	702	4.6	6.0
	570	-1.7	-19.1	428	10.2	-10.2
	571	-1.8	-13.7	606	6.7	1.8
	571	-1.8	-42.2	379	11.3	-7.2
	573	-1.8	-6.7	823	1.0	2.4
	574	-1.9	-24.1	532	8.4	18.4
	575	-1.9	-15.4	520	8.5	2.2
	576	-2.0	-34.8	389	11.1	0.5
	577	-2.1	49.3	65	28.0	29.1
	578	-2.1	2.8	783	2.3	2.8
	579	-2.3	3.1	639	5.9	10.3
	580	-2.3	5.7	794	2.0	-1.9
	581	-2.5	22.9	260	14.2	-3.6
	582	-2.6	-37.8	71	27.2	-6.0
	583	-2.7	-11.7	906	-2.7	-3.5
	583	-2.7	-69.1	667	5.4	-1.0
	585	-2.7	-36.6	600	6.9	5.7
	586	-2.7	-50.6	652	5.6	-22.2
	587	-2.7	14.4	631	6.1	27.2
	588	-2.8	50.0	255	14.3	-44.9
	589	-2.8	36.7	875	-1.3	6.3
	590	-3.0	171.7	499	8.9	-6.1
	591	-3.1	3.8	889	-1.8	5.0
	592	-3.1	3.9	479	9.3	7.8
	592	-3.1	-98.0	678	5.1	-4.0
	594	-3.2	20.2	578	7.4	16.4
	595	-3.4	-22.0	421	10.3	-11.6
	596	-3.5	P-D	411	10.6	-17.9
	597	-3.9	-10.3	537	8.2	11.3
	597	-3.9	-33.8	832	0.6	12.9
	599	-4.0	6.4	714	4.3	1.4
	600	-4.2	P-D	576	7.5	-19.7
	601	-4.2	135.3	513	8.7	4.3
	602	-4.3	25.4	470	9.4	11.5
	603	-4.4	-1.5	823	1.0	-1.3
	603	-4.4	14.8	779	2.4	1.5
	605	-4.5	-73.1	491	9.0	-17.6
	606	-4.5	13.1	866	-0.5	10.0
	607	-4.6	38.4	756	3.0	2.4
	608	-4.8	-79.8	784	2.3	-11.6
	609	-4.9	0.5	720	4.2	20.5
	610	-5.0	38.6	611	6.6	1.5
	611	-5.0	21.4	992	-16.2	21.8
	612	-5.1	-9.7	961	-6.9	-14.2
	613	-5.2	-41.9	657	5.5	-22.2
	614	-5.2	-5.7	568	7.7	-2.7
	615	-5.3	-84.7	618	6.5	-12.6
	616	-5.3	-10.7	683	5.0	3.4
	617	-5.5	-38.5	534	8.3	1.6
	618	-5.5	46.3	588	7.1	16.1
	619	-5.5	500.0+	93	23.6	14.0
	620	-5.6	17.4	667	5.4	9.3
	621	-5.6	14.3	911	-2.8	-14.6
	622	-5.7	-73.8	833	0.6	-6.8
	623	-5.9	-42.7	690	4.8	1.0
	624	-5.9	-89.0	846	0.1	13.1
	625	-5.9	-39.1	406	10.8	-8.7
	626	-5.9	-2.0	607	6.6	8.1
	627	-6.2	-22.2	372	11.4	11.6
	628	-6.3	-87.7	931	-4.3	-8.9
	629	-6.4	84.5	894	-2.1	80.7
	630	-6.6	47.5	224	15.0	-2.6

CURRENTLY USED BY THE U.S. NAVY RECOMMENDED BY LEADING DOCTORS

NOW YOU CAN CARRY YOUR OWN PERSONAL

STRESS TEST

& LEARN HOW TO RELAX

- Relax
- Lose weight
- Stop smoking
- Relieve insomnia
- Eliminate harmful stress that can cause headaches, ulcers, high blood pressure and other stress related problems
- Currently used by:

Americana Hotels

John Hancock

ST. LUKE'S HEART INSTITUTE

AT&T

IN QUANTITIES WITH YOUR NAME AND LOGO, COST IS LESS THAN $1.00. RETAIL VALUE $3.95

FREE SAMPLE AVAILABLE

to Corporate Office or Advertising/Marketing Executive. Send Business Card To

creative concepts

75 Andrew Street • Newton, MA 02161

617-332-3532

Introducing the T. Rowe Price GNMA Fund

INVEST WITH IRA CONFIDENCE

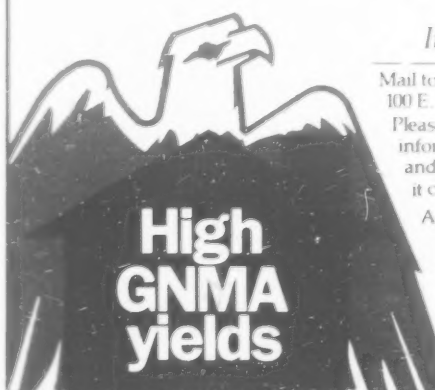
Get high yields plus government-guaranteed securities

This Fund offers higher yields than Treasuries, high-grade corporate bonds, and most bank products. And, it gives you added protection by investing only in securities that are all *guaranteed by the full faith and credit of the U.S. Government.**

The minimum investment is $1,000 ($500 for IRAs). For information, call: 1-800-638-5660.

T. Rowe Price

Invest With Confidence



Mail to: T. Rowe Price
100 E. Pratt St., Baltimore, MD 21202

Please send a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

Also send information for: IRA Keogh

Name

Address

City

State Zip

Commission-free GNMA Fund: call 1-800-638-5660

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months	Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Fischbach	631	–6.7%	P–D	603	6.8%	–14.8%	California First Bank	694	–13.3%	17.7%	429	10.2%	5.0%
Harris Corp	632	–6.8	–22.8%	343	11.9	12.3	Baxter Travenol Labs	695	–13.6	–82.8	480	9.1	8.8
Big Three Industries	633	–6.9	–77.6	632	6.1	8.3	Public Service Ind	695	–13.6	–54.1	517	8.6	–0.5
Liquid Air	634	–6.9	19.2	649	5.7	9.0	Consumers Power	697	–13.7	P–D	464	9.5	0.0
Data General	635	–6.9	–70.1	218	15.2	6.7	Hanover Insurance	698	–13.8	–54.5	497	8.9	24.5
Briggs & Stratton	636	–6.9	–24.3	828	0.9	–2.7	Potlatch	699	–14.1	–7.7	737	3.7	–3.2
Chevron	637	–7.0	–8.4	946	–5.5	44.4	Avon Products	700	–14.2	–10.7	642	5.8	–5.5
Ryan Homes	638	–7.0	60.6	665	5.4	–5.2	DeKalb AgResearch	701	–14.3	–31.7	679	5.1	–12.9
Paine Webber Group	639	–7.2‡‡	120.8	97	23.2	21.4	Research-Cottrell	702	–14.5	P–D	693	4.8	3.1
Harsco	640	–7.2	54.5	861	–0.3	29.3	American Petrofina	703	–14.7	–25.5	732	3.8	7.5
Foster Wheeler	641	–7.2	–3.0	915	–3.2	–11.8	Best Products	704	–14.8	–81.8	'90	23.8	4.7
Marsh & McLennan Cos	642	–7.2	102.4	232	14.7	21.3	Equitable of Iowa	705	–15.0	–10.2	768	2.7	4.9
Transamerica	643	–7.3	6.5	684	4.9	25.6	Ogden	706	–15.2	–29.4	910	–2.8	–38.1
Eastman Kodak	644	–7.4	–5.9	702	4.6	1.5	Pennzoil	707	–15.5	–47.2	827	0.9	–9.3
Pennwalt	644	–7.4	P–D	898	–2.4	–1.9	Dow Chemical	708	–15.5	–18.2	757	3.0	–2.9
Leaseway Transport	646	–7.5	–25.3	530	8.4	8.7	Kerr-McGee	709	–15.8	–36.9	724	4.1	–6.3
General Re	647	–7.6	–70.0	230	14.9	16.0	FMC	710	–15.8	–70.8	842	0.3	–10.4
Sundstrand	647	–7.6	19.2	770	2.6	24.6	Ohio Casualty	711	–15.9	8.8	722	4.2	11.3
Mapco	649	–7.6	69.2	256	14.3	–11.9	USF&G	712	–16.0	P–D	700	4.6	28.2
Paccar	650	–8.0	–18.9	846	0.1	–9.9	Norton	713	–16.4	–14.8	859	–0.2	–0.2
Transway Intl	651	–8.0	0.3	854	–0.1	2.3	Seaway Food Town	714	–16.4	158.4	547	8.0	–7.5
Anderson, Clayton	652	–8.3	–45.3	888	–1.8	6.8	Smithfield Foods	715	–16.6	177.6	49	31.2	44.5
Swift Independent	653	–8.4‡	P–D	589	7.1	6.7	McDermott Intl	716	–16.6	P–D	896	–2.3	10.1
Interco	654	–8.4	–42.8	691	4.8	–7.4	Eastern Gas & Fuel	717	–16.7	P–D	527	8.4	–3.7
WR Grace	655	–8.5	–20.3	740	3.5	6.4	BankAmerica	718	–16.8	P–D	592	7.0	–0.8
Polaroid	656	–8.5	–48.5	901	–2.5	–2.9	Dayco	719	–17.2	–25.7	773	2.6	3.9
Centerre Bancorp	657	–8.6	24.4	508	8.7	–3.6	American Standard	720	–17.9	20.7	804	1.8	10.2
Idle Wild Foods	658	–8.6	79.7	658	5.5	18.2	Sun Chemical	721	–18.1	70.1	287	13.2	1.1
Sun Company	658	–8.6	–45.4	646	5.7	–9.8	Cooper Industries	722	–18.3	26.9	681	5.1	34.3
JWT Group	660	–8.7	–25.2	285	13.2	8.1	RLC	723	–18.5	–60.2	770	2.6	2.1
Northern Trust	661	–8.9	31.1	585	7.3	0.5	Control Data	724	–18.5	P–D	535	8.3	1.8
Owens-Illinois	662	–9.1	6.2	876	–1.4	5.7	Weyerhaeuser	725	–18.8	–43.2	733	3.7	–0.5
Enserch	663	–9.5	–95.7	460	9.6	–5.9	National Distillers	726	–19.3	–29.7	701	4.6	–33.0
CBI Industries	664	–9.5	P–D	516	8.6	32.1	Earle M Jorgensen	727	–19.4	–24.1	962	–7.1	6.0
CNA Financial	665	–9.7	–13.1	641	5.9	19.5	MGM Grand Hotels	728	–19.5	38.9	738	3.6	6.0
HH Robertson	666	–9.8	P–D	766	2.8	9.9	Stewart-Warner	729	–19.6	–12.0	949	–5.6	–6.2
First Security	667	–10.2	102.7	405	10.8	1.8	Staley Continental	730	–19.9	–84.9	671	5.3	26.5
Intl Minerals & Chem	668	–10.2	2.4	889	–1.8	–0.6	Washington National	731	–20.1	–63.5	897	–2.4	–4.4
SCM	669	–10.3	–6.8	839	0.4	9.9	Xerox	732	–20.2	–40.0	744	3.4	0.4
Lubrizol	670	–10.3	–9.9	840	0.4	8.9	Gearhart Industries	733	–20.3	–62.5	91	23.8	90.6
Ferro	671	–10.5	–36.5	844	0.2	–2.4	Datapoint	734	–21.2	P–D	114	20.7	–13.4
Handy & Harman	672	–10.6	–26.0	914	–3.2	–7.5	USLife	735	–21.9	–78.5	723	4.2	–1.4
Marsh Supermarkets	673	–10.7	139.3	591	7.1	5.5	Amerada Hess	736	–22.0	–56.2	753	3.1	–11.2
Godfrey	674	–10.8	64.4	575	7.5	9.1	Pacific Gamble	737	–22.6	1.6	731	3.8	–10.9
Bearings	675	–10.8	–15.2	596	7.0	4.4	Kemper	738	–23.1	63.4	297	12.9	30.8
Mitchell Energy	676	–10.9	–66.0	303	12.9	–7.9	Fieldcrest Mills	739	–23.8	–62.5	809	1.6	–0.6
Corning Glass Works	677	–10.9	3.3	751	3.2	–0.6	Georgia-Pacific	740	–24.1	–88.8	638	5.9	–1.2
Northwestern Natl Life	678	–11.0	–52.7	11	57.3	63.4	Union Carbide	741	–25.1	P–D	868	–0.7	–4.5
Louisiana Land	679	–11.0	9.4	563	7.7	–10.6	Walt Disney	742	–25.4	500.0+	239	14.6	21.7
Atlantic Richfield	680	–11.1	P–D	633	6.0	–12.4	Reading & Bates	743	–26.4	P–D	730	3.8	–24.3
Big V Supermarkets	681	–11.5	128.6	501	8.8	6.6	Joy Manufacturing	744	–26.6	–53.9	939	–5.4	18.4
Revlon	682	–11.6	0.3	656	5.6	0.4	International Paper	745	–26.8	P–D	872	–1.3	–3.1
Norwest	683	–11.7	86.7	160	17.6	0.4	Moore McCormack	746	–27.2	–1.6	918	–3.4	9.0
Carpenter Technology	684	–11.7	–46.5	881	–1.6	–2.3	Boise Cascade	747	–27.3	–50.3	687	4.9	–1.6
Mobil	685	–11.8	–37.5	786	2.3	–2.5	GenCorp	748	–27.5	–36.0	788	2.2	25.2
Sperry	686	–12.0	–88.9	817	1.3	13.6	Texaco	749	–27.8	–66.5	841	0.3	31.5
Freeport-McMoRan	687	–12.0	40.9	475	9.4	–5.3	United Energy	750	–29.0	P–D	747	3.4	–17.6
Perini	688	–12.4	P–D	577	7.4	–0.6	Manhattan Industries	751	–29.5‡	P–D	507	8.7	11.8
First City Bancorp	689	–12.5	–18.0	166	17.5	–0.4	Gould	752	–30.3	P–D	975	–9.6	–11.3
Willamette Inds	690	–12.6	39.4	666	5.4	2.7	Tesoro Petroleum	753	–30.4	P–D	819	1.3	–26.0
Chubb	691	–12.6	9.1	401	10.9	25.2	Rexnord	754	–31.0	75.3	930	–4.3	23.4
Champion Spark Plug	692	–12.8	–29.6	862	–0.3	2.4	Occidental Petroleum	755	–31.2	–17.6	340	11.9	–9.9
Commercial Metals	693	–12.8	–5.3	920	–3.5	–13.0	Newmont Mining	756	–32.4	–30.7	926	–4.0	–10.3

P–D: Profit is deficit ‡Four-year growth ‡‡Three-year growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months	Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
IU International	757	–33.7%	P–D	884	–1.7%	5.9%	Cincinnati Milacron		NM	P–D	942	–5.5%	7.4%
Gifford-Hill	758	–34.0	–98.8%	903	–2.5	–1.2	Circle K		NM	26.5%	187	16.7	46.5
UGI	758	–34.0	–2.1	204	16.0	–10.7	CityFed Financial		NM	0.3	23	44.2	14.6
Foxboro	760	–34.1	–98.0	807	1.7	3.6	Clark Equipment		NM	P–D	978	–10.1	–10.0
Continental Corp	761	–34.3	477.1	611	6.6	6.6	CNW		NM	P–D	822	1.1	–2.3
Deere	762	–34.4	–64.6	933	–4.7	–2.8	Coastal Corp		NM	–4.9	599	6.9	6.6
Alcan Aluminium	763	–38.0	P–D	757	3.0	2.2	Coleco Industries		NM	D–D	17	47.7	21.9
Dresser Industries	764	–38.5	19.2	865	–0.5	15.8	Colonial Penn Group		NM	3.3	347	11.8	5.2
Aetna Life & Cas	765	–39.9	36.4	672	5.3	17.3	Colt Industries		NM	24.8	947	–5.6	1.6
Brockway Inc (NY)	766	–41.0	D–P	481	9.1	10.0	Columbia S&L		NM	345.7	1	113.3	65.4
Foodarama Supermkts	767	–44.8‡‡	D–P	802	1.8	2.6	Combustion Eng		NM	D–D	821	1.1	–13.9
Fluor	768	–61.1	D–D	706	4.5	–11.1	Continental Illinois		NM	D–P	818	1.3	–29.3
HF Ahmanson		NM	170.3	157	17.8	15.6	Cook United		NM	D–D	909	–2.8	–47.7
Alexander & Alexander		NM	D–D	474	9.4	51.5	Copperweld		NM	P–D	953	–5.8	7.4
Alexander's		NM	24.7	799	1.9	0.5	Crane		NM	D–P	989	–15.3	25.7
Allegheny Beverage		NM	500.0+	35	36.2	61.2	Crown Central Pet		NM	D–P	476	9.4	–16.0
Allegheny Intl		NM	P–D	241	14.6	–12.3	Crown Zellerbach		NM	P–D	844	0.2	3.1
Allen Group		NM	22.6	858	–0.2	–9.4	Cyclops		NM	58.5	697	4.7	11.9
Allied-Signal		NM	301.7	129	19.6	–5.9	Delta Air Lines		NM	1.1	424	10.3	6.8
Allied Supermarkets		NM	Z–P	873	–1.3	–30.5	DiGiorgio		NM	–73.1	816	1.4	–9.5
Allis-Chalmers		NM	D–D	976	–9.7	–27.6	Diamond Shamrock		NM	D–D	349	11.8	–10.1
Alcoa		NM	–76.3	772	2.6	–8.6	Dorsey		NM	14.3	801	1.9	6.2
AM International		NM	–69.7	963	–7.4	2.2	Dravo		NM	D–D	945	–5.5	5.8
AMAX		NM	D–D	937	–5.0	–14.1	Easco		NM	D–D	426	10.3	–28.1
American Bakeries		NM	26.1	878	–1.5	–6.4	Eastern Air Lines		NM	D–P	580	7.3	13.6
American Can		NM	14.3	972	–8.3	–14.9	Eaton		NM	2.0	880	–1.6	9.0
American Hoist		NM	D–D	982	–10.8	10.6	Economics Lab		NM	15.8	545	8.0	6.6
American Motors		NM	P–D	597	7.0	–6.6	Evans Products		NM	D–D	879	–1.5	–15.1
Amfac		NM	D–D	608	6.6	0.8	Fairchild Industries		NM	P–D	775	2.5	–2.9
Ampco-Pittsburgh		NM	119.4	850	0.0	23.4	Fedl Natl Mortgage		NM	D–D	181	16.9	13.9
AMR		NM	–7.3	467	9.5	13.4	Finl Corp of America		NM	D–D	3	101.3	2.4
Amsted Industries		NM	20.2	979	–10.1	11.9	First Pennsylvania		NM	D–D	980	–10.2	0.1
Anchor Hocking		NM	P–D	919	–3.5	5.6	Fisher Foods		NM	D–P	994	–22.7	–6.4
Arkansas Best		NM	21.8	360	11.7	12.3	Ford Motor		NM	–16.3	717	4.2	1.5
Armco		NM	D–D	933	–4.7	–11.2	LB Foster		NM	–69.2	924	–4.0	–2.8
Arrow Electronics		NM	P–D	111	21.2	–22.3	Fremont General		NM	D–P	212	15.5	–18.4
Asarco		NM	D–D	943	–5.5	–20.6	Frontier Holdings		NM	D–P	440	10.0	–12.3
Ashland Oil		NM	D–P	754	3.1	–4.4	Fruehauf		NM	–9.2	811	1.6	–4.6
Athlone Industries		NM	P–D	899	–2.4	–16.8	Fuqua Industries		NM	–8.5	988	–14.8	11.2
Baker International		NM	25.0	510	8.7	3.9	GAF		NM	D–P	960	–6.9	–1.2
Bally Manufacturing		NM	P–D	75	26.4	–1.3	Gates Learjet		NM	P–D	849	0.1	–23.2
Barnes Group		NM	–55.2	792	2.1	–11.9	GATX		NM	D–D	908	–2.8	–13.9
Becor Western		NM	D–P	907	–2.7	–10.7	Gelco		NM	73.4	226	15.0	8.1
Bell & Howell		NM	2.8	717	4.2	5.6	General Instrument		NM	P–D	648	5.7	–8.0
Beneficial Corp		NM	–18.2	965	–7.7	–13.6	General Refractories		NM	–69.1	981	–10.2	–2.7
Bethlehem Steel		NM	D–D	964	–7.4	–9.2	Genesco		NM	P–D	940	–5.4	–8.0
Bird		NM	D–D	925	–4.0	–25.1	GEO International		NM	D–D	667	5.4	–5.7
Black & Decker		NM	P–D	826	1.0	13.0	Gibraltar Financial		NM	8.4	139	19.1	22.6
Borman's		NM	D–P	798	1.9	–1.1	Glendale Federal S&L		NM	7.2	82	25.0	16.7
Butler Manufacturing		NM	D–P	885	–1.7	20.4	Global Marine		NM	D–D	98	23.0	–3.9
Caesars World		NM	62.1	200	16.1	6.5	Golden West Finl		NM	73.5	89	23.9	32.1
CalFed		NM	85.4	47	31.3	18.5	BF Goodrich		NM	P–D	790	2.2	–5.0
Cameron Iron Works		NM	D–P	776	2.5	11.5	Great A&P Tea		NM	52.5	938	–5.1	12.1
Caterpillar Tractor		NM	D–D	959	–6.8	–1.7	Gt Western Financial		NM	61.4	77	26.3	24.1
Celanese		NM	1.6	851	0.0	–7.2	Gulf & Western Inds		NM	–7.3	954	–5.9	–59.9
CertainTeed		NM	56.5	675	5.2	–4.5	Harnischfeger		NM	34.6	985	–11.2	18.8
Cessna Aircraft		NM	D–P	977	–10.0	37.1	Heck's		NM	P–D	796	2.0	6.5
Champion Intl		NM	P–D	662	5.5	39.0	Home Federal S&L		NM	7.7	121	20.0	31.5
Charter		NM	D–D	900	–2.4	–52.7	Hoover		NM	–3.7	921	–3.6	–1.1
Chicago Pneumatic		NM	–32.6	929	–4.3	0.5	Hughes Tool		NM	D–P	664	5.5	10.2
Chromalloy American		NM	D–D	986	–12.5	–3.2	Ideal Basic Inds		NM	D–D	916	–3.3	–17.6
Chrysler		NM	120.3	420	10.1	17.9	Imperial Corp of Am		NM	D–P	184	16.8	32.5
Cigna		NM	60.3	477	9.3	14.9	Inco		NM	D–P	991	–15.6	4.8

D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit Z-P: Zero/profit to profit NM: Not meaningful ‡‡Three-year growth

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Ingersoll-Rand		NM	D–P	913	–3.2%	7.6%
Inland Steel		NM	D–D	905	–2.7	–12.2
Inspiration Resources		NM	D–D	675	5.2	27.1
InterFirst		NM	–49.2%	179	16.9	–8.8
Intl Harvester		NM	D–D	987	–13.2	–27.0
Interstate Bakeries		NM	D–P	752	3.1	2.1
Kaiser Alum & Chem		NM	P–D	856	–0.1	–30.0
Kaneb Services		NM	D–P	600	6.9	–40.4
Kaufman & Broad		NM	72.1	748	3.3	33.5
Kay		NM	123.9	882	–1.7	–21.8
Kerr Glass Mfg		NM	D–D	936	–5.0	–0.2
Koppers		NM	P–D	901	–2.5	3.2
Lafarge		NM	D–P	324	12.3	2.2
Lockheed		NM	17.2	316	12.4	25.2
Lone Star Industries		NM	114.6	743	3.5	–6.8
Louisiana-Pacific		NM	–56.6	891	–2.0	–0.6
LTV		NM	D–D	854	–0.1	24.4
Lukens		NM	500.0+	797	1.9	8.5
Mack Trucks		NM	P–D	864	–0.4	15.6
Manville		NM	P–D	955	–6.0	4.1
Martin Marietta		NM	D–P	277	13.7	–1.5
Massey-Ferguson		NM	D–D	990	–15.5	–8.5
Mattel		NM	D–P	877	–1.4	43.7
Mead		NM	–24.2	867	–0.6	3.0
Michigan National		NM	D–P	447	9.9	–0.1
Midland-Ross		NM	P–D	922	–3.7	–17.2
Mission Insurance		NM	D–D	587	7.2	–4.4
Mohasco		NM	8.7	895	–2.2	6.4
Morse Shoe		NM	–38.3	626	6.2	2.7
Nashua		NM	–21.0	893	–2.1	2.6
National Intergroup		NM	D–D	982	–10.8	–57.9
Natl Semiconductor		NM	P–D	233	14.7	–4.0
National-Standard		NM	–86.0	944	–5.5	–11.9
Nicor		NM	P–D	497	8.9	–1.9
NL Industries		NM	P–D	967	–7.7	1.8
Northwestern Steel		NM	D–D	993	–19.1	27.1
NVF		NM	D–D	410	10.7	–4.4
Oak Industries		NM	D–D	739	3.6	–30.6
Pacific Resources		NM	D–P	88	23.9	–20.1
Pan Am		NM	D–D	675	5.2	–6.8
Pantry Pride		NM	P–D	984	–M.0	–55.2
Parker Drilling		NM	D–D	935	–4.9	13.6
Parker Pen		NM	17.0	755	3.1	14.3
Penn Central		NM	486.5	219	15.1	–1.1
People Express		NM	P–D		NA	72.7
Phelps Dodge		NM	D–D	974	–8.9	–5.9
Pittston		NM	D–D	965	–7.7	–11.8
PSA		NM	D–P	241	14.6	14.3
Ramada Inns		NM	44.4	282	13.3	2.4
RCA		NM	82.9	655	5.6	–6.2
Republic Airlines		NM	8.4	133	19.5	4.2
Resorts Intl		NM	P–D	686	4.9	1.4
Revere Copper		NM	D–P	968	–7.9	–19.7
Reynolds Metals		NM	P–D	834	0.5	–7.7
AH Robins		NM	P–D	445	10.0	12.3
St Paul Cos		NM	D–D	622	6.3	1.2
Savin		NM	D–D	857	–0.1	6.9
Shopwell		NM	P–D	441	10.0	8.3
Singer		NM	90.4	887	–1.8	–2.5
AO Smith		NM	P–D	791	2.1	–4.4
Smith International		NM	P–D	749	3.2	–0.2
Southern Union		NM	P–D	805	1.7%	–42.5%
Southwest Forest Inds		NM	P–D	892	–2.1	–3.6
JP Stevens		NM	P–D	795	2.0	–9.9
Stewart & Stevenson		NM	D–P	932	–4.6	11.5
Stone Container		NM	–39.9%	73	26.9	–0.5
Storage Technology		NM	D–D	341	11.9	–25.7
Storer Communications		NM	D–D	68	27.8	12.5
Sybron		NM	D–P	969	–8.0	–11.5
Talley Industries		NM	13.6	973	–8.3	13.3
Texas Air		NM	D–P	16	49.0	59.5
Texas Instruments		NM	P–D	451	9.8	–5.3
Thorn Apple Valley		NM	P–D	494	8.9	–2.0
Tidewater		NM	D–D	812	1.5	–12.3
Tiger International		NM	D–D	802	1.8	–16.0
Timken		NM	–81.8	941	–5.4	–1.9
Toro		NM	70.4	970	–8.1	20.2
Tosco		NM	D–D	843	0.2	–14.4
Trans World Airlines		NM	P–D	762	2.9	4.1
Trinity Industries		NM	D–D	971	–8.1	10.7
UAL		NM	P–D	409	10.7	–11.4
United Brands		NM	77.3	927	–4.1	–3.0
United Merchants		NM	P–D	951	–5.7	39.1
US Home		NM	D–D	774	2.5	–13.7
United States Steel		NM	D–P	506	8.7	–0.6
Valero Energy		NM	D–D	614	6.5	56.4
Varian Associates		NM	–56.3	362	11.6	4.7
Warner Commun		NM	D–D	539	8.2	–42.4
Western Air Lines		NM	D–P	697	4.7	9.0
Western Co No Amer		NM	D–D	294	13.0	–7.9
Western Union		NM	D–D	459	9.6	–0.1
Westmoreland Coal		NM	P–D	564	7.7	–7.4
Wheeling-Pittsburgh		NM	D–D	957	–6.3	–18.0
White Consolidated		NM	P–D	871	–1.0	–9.5
Wickes Cos		NM	D–P	715	4.3	11.7
Wilson Foods		NM	D–D	917	–3.3	–18.6
FW Woolworth		NM	20.6	948	–5.6	3.2
Zale		NM	–27.9	805	1.7	2.2
Zenith Electronics		NM	–99.3	548	8.0	1.7
American Info Tech		NA	NA		NA	NA
American President		NA	–47.2	369	11.5	21.9
American Tel & Tel		NA	NA		NA	NA
Bear Stearns Cos		NA	NA	10	58.8%‡	NA
Bell Atlantic		NA	NA		NA	NA
BellSouth		NA	NA		NA	NA
Carteret S&L		NA	169.2	24	43.4	10.4
CrossLand Savings		NA	NA	46	32.0‡	NA
Cyprus Minerals		NA	NA	557	7.8‡	8.6
First Federal Mich		NA	92.0	56	29.7	15.8
Florida Federal S&L		NA	P–D	106	22.2	15.4
Fireman's Fund		NA	NA	650	5.7‡	0.8
Gt Am First Savings		NA	NA	98	23.0	32.1
Home Group		NA	NA	734	3.7	–4.9
Masco Industries		NA	NA	515	8.7	9.3
Nynex		NA	NA		NA	NA
Pacific Telesis		NA	NA		NA	NA
PSFS		NA	–58.1	103	22.4	24.0
Southwestern Bell		NA	NA		NA	NA
Stater Bros		NA	NA	486	9.0‡	NA
Temple-Inland		NA	NA	613	6.6	–0.5
US West		NA	NA		NA	NA
Winn Enterprises		NA	P–D		NA	38.3

D-D: Deficit to deficit D-P: Deficit to profit P-D: Profit to deficit NA: Not available NM: Not meaningful †Four-year growth ‡Three-year growth

WHO'S WHERE IN THE STOCK MARKET

Remember the "Death of Equities"? Well, the DJIA is up nearly 50% in five years; 947 of the firms surveyed sport a median five-year price gain of 87%.

THE FOURTH-QUARTER RALLY took many by surprise but left few with reason to complain. The Dow finally shattered the magic 1500 mark as strength spread from an exclusive and boring concentration in takeover stocks, engulfed the entire blue-chip list and even began to move the secondary stocks.

An alphabetical list of stock market performances begins on the following page.

For most of the companies in the FORBES survey, it was fat city. There were 415 issues that doubled or better over the past five years—an annual growth rate of 14.9% or more for close to half the companies listed. Of these stars, 201 tripled or better. For all the scorn that has been heaped upon them, many stocks thus rewarded patient holders with excellent returns.

But it wasn't a computer hardware or software company or a defense-related aerospace firm that took highest honors on Wall Street for the past five years. It was toymaker Hasbro. Hasbro focused on traditional toys while many of its competitors were trashed by forays into electronics and computers. Hasbro toys such as Transformers and GI Joe are making adult-size profits for Hasbro shareholders. A $1,000 investment in Hasbro at the end of 1980 is now worth almost $33,000.

The only real technology play among the top 50 performing companies is Telex, a $661 million (sales) manufacturer of computer peripherals and audio equipment. Where were the big gains, if not in technology stocks? In retailing, of all places. Nearly half the top 50 ranked companies are retailers, specialty retailers or in food-related businesses.

Second-place Price Co., which leads all the survey companies in five-year return on equity, earned $46 million in the past 12 months with its bare-bones warehouses selling deeply discounted general merchandise. Another top performer, The Limited, specializes in women's wear; Circuit City Stores, consumer electronics; Wal-Mart Stores, home improvement products; The Gap, jeans and sportswear; Toys "R" Us, toy retailers; and Tyson Foods, processed poultry products.

Outside of retailing and food companies, Subaru of America, with a 748% gain, tailgates Chrysler with its 797% gain. Bank holding company State Street Boston had a 690% gain. Remember the old snowmobile maker Arctic Enterprises? Back in 1981 it went into Chapter 11, but the surviving entity, Minstar, a creation of Irwin Jacobs, is up 1,671%. The company got out of snowmobiles, and it gobbled Bekins in 1983, Aegis in 1984 and AMF in 1985. Significant point: Both Minstar's predecessor company and Chrysler were disasters in earlier stock markets, proving the point made in this issue's lead story that yesterday's nag is frequently tomorrow's Thoroughbred.

Of the 50 stocks with the rottenest five-year performance, about 30% of the companies are in oil. This group was in serious trouble even before the recent collapse of oil prices. At least 5 of the 50 firms with the worst stock market performance over the last five years are already bankrupt. Among those that have been nearly wiped out: Global Marine, Evans Products, Allis-Chalmers and Mission Insurance. But, if history repeats, a number of these losers will be big winners a few years down the pike *(see story with tables on p. 38)*.

Note that 56 stocks show "NA"—not available—for five-year price performance. This is because mergers, spinoffs or new stock issues make valid comparisons impossible for these companies. ■

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
348	305	Abbott Laboratories	119.9%	63⅜–23⅝	62⅛	$3.72	16.7	2.29	$1.40	2.3%	$13.33	0.21
307	35	Advanced Micro	134.8	41⅛– 4⅜	27	0.68	39.7	2.10	none	0.0	8.00	0.30
592	748	Aetna Life & Cas	47.7	53⅛–27¼	52¼	2.66	19.6	0.32	2.64	5.1	38.73	0.74
401	700	HF Ahmanson	104.5	40½– 8	39⅞	5.92	6.7	0.38	1.20	3.0	33.70	0.85
595	651	Air Prods & Chems	45.6	60½–23⅝	60¼	4.75	12.7	0.98	1.48	2.5	36.34	0.60
166	159	Albertson's	223.5	33⅛– 9⅞	32¾	2.45	13.4	0.22	0.76	2.3	13.75	0.42
807	679	Alcan Aluminium	–18.8	41⅜–15⅞	27	–0.02	def	0.48	0.80	3.0	30.07	1.11
370	392	Alco Standard	113.9	40¼–16⅜	36⅝	2.32	15.8	0.20	1.24	3.4	20.51	0.56
753	857	Alexander & Alexander	–3.7	38¼–17	32¾	–1.95	def	1.48	1.00	3.1	6.53	0.20
285	165	Alexander & Baldwin	142.2	39½– 9⅝	38¾	4.35	8.9	1.50	1.40	3.6	23.87	0.62
344	92	Alexander's	121.2	30 – 7½	28¾	1.11	25.9	0.25	none	0.0	16.13	0.56
38	14	Allegheny Beverage	474.4	23⅜– 3⅞	22½	10.34	2.2	0.18	0.40	1.8	9.00	0.40
870	833	Allegheny Intl	–40.9	55⅜–16⅜	25⅛	–10.00	def	0.13	1.40	5.6	30.54	1.22
303	363	Allegheny Power	137.3	34⅜–13	32⅛	3.41	9.6	0.90	2.70	8.3	24.74	0.76
550	620	Allen Group	60.7	24¾–10½	23¼	1.95	11.9	0.44	0.70	3.0	14.69	0.63
630	194	Allied Bancshares	34.6	27½–13⅜	18⅞	2.98	6.3	0.71	0.84	4.4	13.82	0.73
650	759	Allied-Signal	27.9	48⅛–19⅛	45⅝	4.74	9.6	0.72	1.80	3.9	33.84	0.74
183	282	Allied Stores	211.5	65½–20¼	65	7.74	8.4	0.34	2.20	3.4	50.71	0.78
141	361	Allied Supermarkets	242.9	6 – 1	6	0.11	54.5	0.11	none	0.0	6.69	1.12
943	943	Allis-Chalmers	–91.1	37⅛– 3¼	3¼	–28.59	def	0.05	none	0.0	2.94	0.90
475	629	Alltel	86.3	30⅛–14⅛	29	3.23	9.0	0.89	1.96	6.8	21.03	0.73
678	615	Alcoa	19.9	48⅜–21⅞	35¾	1.07	33.4	0.54	1.20	3.4	40.39	1.13
915	947	AM International	–67.7	16¼– ⅜	5	0.27	18.5	0.33	none	0.0	2.49	0.50
920	929	AMAX	–71.5	69 –10½	11¾	–11.58	def	0.38	none	0.0	20.40	1.74
820	827	Amdahl	–23.0	29¾– 8⅜	13	0.68	19.1	0.74	0.20	1.5	9.15	0.70
847	744	Amerada Hess	–32.6	44½–15⅛	29¼	1.20	24.4	0.32	1.10	3.8	30.48	1.04
421	727	American Bakeries	98.0	27⅛– 8	27	1.98	13.6	0.18	none	0.0	16.24	0.60
568	367	American Brands	55.5	70 – 34	60¼	7.09	8.5	0.74	3.90	6.5	38.12	0.63
79	503	Amer Broadcasting	346.1	119⅞–26¾	119⅞	6.00	20.0	1.04	1.60	1.3	46.52	0.39
373	577	American Can	112.8	64⅞–25¼	64⅜	4.09	15.8	0.56	2.90	4.5	42.67	0.66
8	NR	American Continental	1,227.0	13¾– ½	9⅛	3.13	2.9	0.17	none	0.0	5.92	0.65
491	558	American Cyanamid	77.8	59 –24⅜	58	3.48	16.7	0.78	1.90	3.3	34.25	0.59
392	256	American District	106.6	32⅜–12½	27½	1.06	25.9	0.66	0.92	3.3	16.29	0.59
621	716	American Electric	37.8	24⅞–15⅛	23¼	2.50	9.3	0.91	2.26	9.7	20.39	0.88
280	237	American Express	144.7	49⅛–17¾	49¼	3.10	15.9	0.75	1.36	2.8	20.21	0.41
21	136	American Family	672.2	29⅝– 3½	29¼	1.67	17.5	0.97	0.48	1.6	9.19	0.31
233	308	American General	171.8	36¼–10½	33¾	3.29	10.3	0.50	1.00	3.0	24.86	0.74
51	24	American Greetings	417.4	37½– 5¼	29¾	2.41	12.3	1.00	0.66	2.2	13.35	0.45
898	926	American Hoist	–57.8	25⅜– 7½	8¾	–1.87	def	0.15	none	0.0	17.10	1.95
364	385	American Home Prods	116.0	66⅞–28⅛	60¾	4.63	13.1	2.01	2.90	4.8	13.70	0.23
560	551	American Hospital	59.0	51 –20⅞	51	2.91	17.5	1.10	1.12	2.2	20.62	0.40
NR	NR	American Info Tech	NA	99¼–62⅛	98⅛	10.55	9.3	1.09	6.60	6.7	72.25	0.73
268	288	American Intl Group	148.8	101¾–38⅞	99½	3.81	26.1	1.49	0.44	0.4	37.93	0.38
771	656	American Maize	–9.7	19⅞– 8	13⅞	0.22	63.1	0.16	0.52	3.7	23.01	1.66
773	286	American Medical	–10.6	37¼–13¾	19	1.94	9.8	0.72	0.72	3.8	9.73	0.51
830	900	American Motors	–25.7	11¼– 2¼	2⅞	–1.16	def	0.08	none	0.0	2.03	0.70
227	380	American Natl Ins	176.7	36⅝–11⅞	35⅝	2.96	12.0	1.33	1.20	3.4	40.36	1.13
777	471	American Petrofina	–11.5	71⅞–41	51¾	3.50	14.8	0.27	2.00	3.9	55.12	1.07
NR	NR	American President	NA	29 –11⅞	17⅝	2.94	6.0	0.34	0.50	2.8	24.54	1.39
736	712	American Standard	3.1	43¾–17	33⅞	2.97	11.4	0.40	1.60	4.7	23.63	0.70
13	63	American Stores	808.8	68¼– 6⅞	64¼	5.65	11.5	0.14	0.84	1.3	21.40	0.33
NR	NR	American Tel & Tel	NA	24⅝–14⅞	23¼	1.39	16.7	0.72	1.20	5.2	13.28	0.57
299	420	AmeriTrust	138.4	44½–13⅜	37¼	4.11	9.1	0.99	1.60	4.3	35.98	0.97
9	9	Ames Dept Stores	1,169.7	26¼– 2⅛	25⅛	1.05	24.6	0.90	0.10	0.4	5.31	0.21
548	322	Ametek	61.0	30¼–11½	25¼	1.58	16.0	1.14	1.00	4.0	9.18	0.36
781	811	Amfac	–13.5	31⅜–17⅛	23⅛	–1.38	def	0.16	none	0.0	23.89	1.03
796	526	Amoco	–15.3†	80 –32¾	67⅜	7.63	8.9	0.67	3.30	4.9	46.14	0.68
418	247	AMP	98.8	39½–14½	34⅜	1.17	29.4	2.26	0.72	2.1	8.57	0.25
869	697	Ampco-Pittsburgh	–40.7	26⅜–11½	14	0.79	17.7	0.30	0.30	2.1	20.13	1.44
77	130	AMR	350.0	50⅜– 8⅝	40½	5.98	6.8	0.40	none	0.0	30.86	0.76
716	825	Amsted Industries	7.2	49 –18⅝	46¼	2.68	17.3	0.73	1.60	3.5	34.15	0.74
599	541	Anchor Hocking	43.8	35¾–13⅜	25⅞	–1.59	def	0.38	1.48	5.7	24.85	0.96
310	521	Anderson, Clayton	133.9	48⅝–19⅞	48¼	1.16	41.6	0.34	1.32	2.7	47.09	0.98

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
107	112	Anheuser-Busch Cos	294.6%	39⅝– 9¼	36½	$2.79	13.1	0.75	$0.80	2.2%	$ 14.37	0.39
705	199	Anixter Bros	10.4	29 – 9⅜	18⅝	0.96	19.4	0.52	0.28	1.5	11.22	0.60
878	874	Apple Computer	–44.3	63¼– 11	19	0.99	19.2	0.61	none	0.0	7.67	0.40
659	738	Archer-Daniels	25.1	24⅞– 10⅛	24¼	1.81	13.4	0.50	0.14	0.6	17.77	0.73
16	51	Arden Group	729.6	28 – 3	28	2.74	10.2	0.16	none	0.0	16.27	0.58
153	400	Arkansas Best	232.4	28½– 6⅜	28¼	2.91	9.7	0.25	0.60	2.1	15.94	0.56
723	472	Arkla	5.6	29⅞– 12⅜	18¾	0.90	20.8	0.94	1.08	5.8	9.23	0.49
929	923	Armco	–77.0	41¾– 6¾	8¾	–0.43	def	0.15	none	0.0	13.99	1.60
212	66	Armstrong Rubber	192.3	24⅛– 4⅞	14¼	1.52	9.4	0.20	0.48	3.4	21.65	1.52
204	389	Armstrong World Inds	198.2	43½– 13¼	42½	4.05	10.5	0.62	1.30	3.1	26.63	0.63
822	772	Arrow Electronics	–23.0	34 – 7¾	15⅞	–0.09	def	0.18	0.20	1.3	12.47	0.79
174	241	Arvin Industries	218.3	21⅜– 5⅞	21¼	2.10	10.1	0.41	0.64	3.0	13.10	0.62
899	889	Asarco	–58.1	48½– 15¾	18⅛	–11.65	def	0.47	none	0.0	25.63	1.41
775	872	Ashland Oil	–10.8	41¾– 20½	36¼	4.12	8.8	0.13	1.60	4.4	30.87	0.85
157	178	Associated Dry Goods	230.6	40½– 11⅞	40½	3.04	13.3	0.29	1.40	3.5	24.90	0.61
766	750	Athlone Industries	–8.2	30 – 14⅜	20⅞	–11.43	def	0.21	1.60	7.7	21.09	1.01
298	365	Atlanta Gas Light	138.7	36¾– 13½	35½	3.64	9.8	0.24	2.80	7.9	31.77	0.89
482	560	Atlantic City Electric	82.5	29¾– 15⅛	28¾	2.83	10.2	0.89	2.58	9.0	24.28	0.84
731	703	Atlantic Richfield	4.9	67⅛– 32¼	66¾	–0.43	def	0.61	4.00	6.0	40.84	0.61
327	300	Automatic Data	127.8	56¼– 20⅜	56⅜	2.55	22.1	1.90	0.68	1.2	15.54	0.28
189	100	Avery International	207.7	39⅛– 9½	35	2.47	14.2	0.76	0.68	1.9	13.70	0.39
594	191	Avnet	46.1	50 – 16⅞	33⅞	1.02	33.2	0.83	0.50	1.5	17.97	0.53
808	908	Avon Products	–19.0	42⅛– 17⅞	27⅝	2.01	13.7	0.72	2.00	7.2	14.47	0.52
385	364	Avondale Mills	109.1	25⅞– 7½	17⅜	–1.28	def	0.29	0.80	4.6	24.18	1.39
579	702	AZP Group	51.1	28⅛– 14½	26⅝	3.56	7.5	1.71	2.72	10.2	24.18	0.91
135	NR	Bairnco	251.7†	35½– 7⅛	25½	2.30	11.1	0.49	0.60	2.4	15.13	0.59
908	897	Baker International	–65.3	49⅜– 15	16⅞	1.25	13.5	0.63	0.92	5.5	14.34	0.85
82	82	Ball Corp	341.0	32 – 6⅛	29⅝	2.20	13.5	0.62	0.72	2.4	12.97	0.44
841	924	Bally Manufacturing	–29.3	32⅜– 11⅛	16¼	–3.28	def	0.34	0.20	1.2	14.16	0.87
277	401	Baltimore G&E	145.6	24½– 9⅞	24¼	2.66	9.1	1.09	1.70	7.0	18.24	0.75
185	187	Banc One	209.5	25 – 7⅛	24⅝	2.12	11.6	1.22	0.80	3.2	11.68	0.47
312	283	Bank of Boston	133.2	55⅛– 21⅜	55⅜	10.21	5.4	0.31	2.64	4.8	58.75	1.06
NR	NR	Bank of New England	NA	53¼– 42½	49¾	4.04	12.3	0.54	2.00	4.0	22.49	0.45
247	353	Bank of New York	159.7	49⅝– 16½	45⅛	6.43	7.0	0.56	2.28	5.1	41.82	0.93
63	NR	Bank of Virginia	385.7	33¼– 6	29¾	3.33	8.9	0.72	1.12	3.8	18.16	0.61
891	887	BankAmerica	–51.2	30¾– 12⅞	14¾	–1.24	def	0.16	0.80	5.4	28.38	1.92
325	174	Bankers Trust NY	128.0	75⅛– 25¼	70⅜	10.47	6.7	0.49	2.70	3.8	61.02	0.87
658	663	Barnes Group	25.2	27⅛– 11⅛	27⅜	1.46	18.8	0.46	1.00	3.7	18.09	0.66
200	105	Barnett Banks Fla	200.4	41⅛– 12⅜	39⅜	3.88	10.1	0.83	1.04	2.6	21.29	0.54
743	585	Bausch & Lomb	–1.6	35⅝– 16¼	30½	2.18	14.0	1.55	0.78	2.6	11.04	0.36
722	704	Baxter Travenol Labs	5.9	31⅛– 11¼	14	0.22	63.6	1.00	0.37	2.6	7.83	0.56
140	183	BayBanks	243.2	62⅛– 18⅜	62⅛	7.10	8.8	0.67	2.40	3.8	44.27	0.71
NR	NR	Bear Stearns Cos	NA	22½– 19¼	20¼	2.89	7.0	0.45	0.60	3.0	11.01	0.54
608	NR	Bearings	41.6	41 – 22½	35¾	2.56	14.0	0.29	1.00	2.8	33.78	0.94
295	545	Beatrice	139.0	47 – 16¾	46	4.49	10.2	0.39	1.80	3.9	22.82	0.50
872	877	Becor Western	–41.1‡	26½– 10¼	14½	0.15	NM	0.62	0.44	3.0	11.73	0.81
687	693	Becton, Dickinson	16.3	61½– 30¾	60¾	4.20	14.5	1.07	1.32	2.2	30.05	0.49
330	277	Bell & Howell	126.4	37⅝– 8¼	33¼	2.99	11.1	0.35	0.62	1.9	19.81	0.60
NR	NR	Bell Atlantic	NA	98⅜– 65	98¼	10.68	9.2	1.10	6.80	6.9	75.37	0.77
NR	NR	BellSouth	NA	44⅞– 27¼	44⅜	4.82	9.3	1.30	2.80	6.3	31.47	0.71
181	371	Bemis	213.0	43¾– 11¼	42¼	3.21	13.2	0.35	1.00	2.4	26.10	0.62
388	696	Beneficial Corp	108.6	47¼– 14⅜	45⅝	3.05	15.0	0.48	2.00	4.4	34.00	0.75
293	53	Bergen Brunswig	139.5	39½– 10½	29⅜	1.91	15.4	0.15	0.32	1.1	12.68	0.43
34	65	Berkshire Hathaway	518.8	2730–425	2630	77.03	34.1	3.76	none	0.0	1108.77	0.42
692	840	Best Products	15.6	26⅛– 9⅛	15⅛	0.24	63.0	0.18	0.24	1.6	15.56	1.03
873	842	Bethlehem Steel	–41.2	32 – 14¼	15½	–4.66	def	0.16	none	0.0	21.30	1.37
190	86	Beverly Enterprises	206.2	44¾– 9⅜	37¼	2.04	18.3	0.60	0.40	1.1	16.81	0.45
NR	NR	Big Bear	NA	19 – 8¼	18¼	2.40	7.6	0.14	none	0.0	8.16	0.45
801	769	Big Three Industries	–16.9	38 – 15⅛	25¼	0.28	NM	1.22	0.80	3.1	14.56	0.57
124	227	Big V Supermarkets	270.3	16¼– 4⅜	16½	0.96	17.2	0.16	0.40	2.4	7.21	0.44
NR	NR	Bindley Western Inds	NA	15½– 6¼	8⅞	0.79	11.2	0.09	none	0.0	5.46	0.61
867	927	Bird	–39.7	21½– 4⅜	9	–5.26	def	0.17	none	0.0	11.03	1.23
710	798	Black & Decker	9.6	28⅜– 12	20⅛	–3.11	def	0.59	0.64	3.2	13.58	0.67

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. NM: Not meaningful. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
256	NR	John Blair & Co	153.5%	46½– 8⅛	22½	$–2.70	def	0.19	none	0.0%	$ 16.03	0.71
572	135	Blount	53.4	19¾– 5¼	14	1.14	12.3	0.17	$ 0.40	2.9	10.56	0.75
536	454	Boeing	63.6	50½– 10	48⅛	3.38	14.2	0.56	1.08	2.2	25.33	0.53
645	720	Boise Cascade	29.7	51 – 19¼	44¼	1.83	24.2	0.32	1.90	4.3	47.95	1.08
127	219	Borden	269.9	48½– 12½	47⅝	3.66	13.0	0.53	1.52	3.2	26.28	0.55
372	225	Borg-Warner	112.9	27¾– 9¼	22¾	1.93	11.8	0.51	0.96	4.2	17.87	0.79
206	793	Borman's	196.3	13¼– 2	10	0.61	16.4	0.03	none	0.0	8.13	0.81
440	512	Boston Edison	94.2	44⅛– 19½	41¾	4.93	8.5	0.54	3.44	8.2	33.40	0.80
NR	NR	Bowater	NA	25⅞– 14⅞	22¾	2.62	8.7	0.74	0.72	3.2	12.97	0.57
685	741	Briggs & Stratton	16.9	37¼– 22	26⅞	2.15	12.5	0.54	1.60	6.0	19.59	0.73
258	182	Bristol-Myers	152.1	66½– 22⅞	63½	3.77	16.8	2.01	1.88	3.0	15.58	0.25
394	645	Brockway Inc (NY)	106.3	29⅜– 12⅝	28⅞	2.08	13.9	0.23	1.32	4.6	26.45	0.92
419	498	Brooklyn Union Gas	98.8	43⅜– 19⅞	42	5.01	8.4	0.43	3.12	7.4	32.01	0.76
582	533	Brown-Forman	50.1‡	45⅛– 23¼	41⅛	3.66	11.3	0.95	1.00	2.4	21.16	0.51
167	117	Brown Group	223.0	39⅞– 10	33⅜	1.55	21.5	0.46	1.44	4.3	19.81	0.59
125	99	Browning-Ferris Inds	270.2	59¼– 15¼	58	3.03	19.1	1.81	1.28	2.2	13.55	0.23
44	89	Bruno's	436.5††	16⅛– 2½	13¾	0.72	19.1	0.58	0.16	1.2	3.89	0.28
45	34	Brunswick	433.9	41⅜– 6½	41⅛	4.50	9.2	0.60	1.00	2.4	21.50	0.52
511	502	Burlington Inds	73.6	43 – 17	31¼	0.44	NM	0.32	1.64	5.2	41.82	1.34
376	106	Burlington Northern	111.7	69 – 17⅛	68⅛	7.63	8.9	0.57	1.40	2.1	56.98	0.84
704	876	Burroughs	10.4	68 – 27¼	59½	5.01	11.9	0.55	2.60	4.4	50.65	0.85
447	500	Business Men's Assur	92.6	29½– 10¼	29¼	3.56	8.2	0.76	1.04	3.6	26.91	0.92
711	758	Butler Manufacturing	9.2	30⅜– 18½	29¾	1.47	20.2	0.33	1.32	4.4	26.62	0.89
790	399	Cabot	–14.3	35½– 16⅛	26⅛	–2.70	def	0.60	0.92	3.5	22.54	0.86
721	917	Caesars World	6.0	18⅛– 6⅜	15⅜	1.07	14.6	0.70	none	0.0	7.63	0.49
NR	NR	CalFed	NA	30 – 11⅜	24¼	5.82	4.3	0.22	0.48	1.9	36.99	1.49
402	715	California First Bank	103.9	25½– 11½	25	2.19	11.4	0.51	1.08	4.3	23.52	0.94
928	914	Cameron Iron Works	–76.8	64 – 11⅝	14	0.32	43.8	0.75	0.12	0.9	11.30	0.81
163	253	Campbell Soup	226.6	53½– 13⅛	50⅜	3.06	16.5	0.82	1.32	2.6	21.39	0.42
131	113	Capital Cities	261.7	228½– 56½	212½	10.77	19.7	2.73	0.20	0.1	57.08	0.27
211	284	Capital Holding	193.0	27⅛– 8⅞	26	2.32	11.2	0.67	0.82	3.2	17.74	0.68
833	NR	Carlisle	–26.2	54¾– 18½	31	3.23	9.6	0.56	1.08	3.5	19.85	0.64
558	628	Carolina Power & Lt	59.3	30⅜– 16⅝	28⅞	3.97	7.3	1.10	2.60	9.0	26.26	0.91
791	618	Carpenter Technology	–14.7	58¼– 28	34	2.11	16.1	0.56	2.10	6.2	35.85	1.05
306	351	Carson Pirie Scott	134.9	26½– 7⅛	25½	2.65	9.5	0.19	0.60	2.4	19.82	0.78
554	598	Carter Hawley Hale	60.3‡	32⅛– 10½	29¼	1.52	19.2	0.14	1.22	4.2	20.71	0.71
NR	NR	Carteret S&L	NA	16¾– 5¼	16	2.45	6.5	0.25	none	0.0	15.06	0.94
846	899	Caterpillar Tractor	–31.7	73⅛– 28⅜	39⅜	–1.48	def	0.59	0.50	1.3	29.46	0.74
919	888	CBI Industries	–70.1	63⅞– 18¼	19⅛	–3.36	def	0.37	0.60	3.1	26.60	1.39
288	522	CBS	141.2	126¼– 33⅜	114⅞	0.16	NM	0.57	3.00	2.6	52.19	0.45
264	250	Ceco Industries	151.1	29⅝– 10	28¼	2.56	11.0	0.22	0.80	2.8	29.27	1.04
270	444	Celanese	147.7‡	136½– 41¼	136¼	11.97	11.4	0.53	4.80	3.5	74.64	0.55
481	525	Centel	83.2	45½– 23⅛	44⅞	4.59	9.8	0.92	2.44	5.4	28.41	0.63
533	595	Centerre Bancorp	64.2	35½– 15⅞	33¼	3.42	9.7	0.49	1.80	5.4	39.82	1.20
NR	NR	Centex	NA	26⅞– 18	25	2.32	10.8	0.35	0.25	1.0	16.28	0.65
399	518	Central & South West	104.9	27 – 12	26⅜	3.56	7.4	0.91	2.02	7.7	21.68	0.82
555	639	Central Hudson G&E	60.0	31¼– 16	28	4.45	6.3	0.66	2.96	10.6	27.91	1.00
479	578	Central Ill Pub Svc	83.5	21½– 9⅞	19½	1.82	10.7	0.94	1.64	8.4	16.02	0.82
729	NR	Central Maine Power	5.1	17⅛– 7⅞	12⅞	0.06	NM	0.54	1.40	10.9	16.17	1.26
586	534	Central Steel & Wire	49.6	350 –230	350	49.13	7.1	0.20	30.00	8.6	455.93	1.30
368	593	CertainTeed	114.6	28½– 10	25¼	2.88	8.9	0.44	0.70	2.7	22.17	0.86
684	795	Cessna Aircraft	17.5	36½– 14	30¼	1.07	28.3	0.75	0.40	1.3	17.00	0.56
751	830	Champion Intl	–3.6	30⅛– 11¾	23⅝	–0.92	def	0.35	0.52	2.2	25.24	1.07
749	814	Champion Spark Plug	–2.8	13½– 6⅞	8¼	0.57	15.4	0.40	0.40	4.6	9.36	1.07
941	953	Charter	–88.5	20¼– 1	2¼	–3.69	def	0.01	none	0.0	–10.32	NE
114	NR	Charter Medical	284.6	29⅜– 4½	18⅜	1.37	13.4	1.05	0.16	0.9	4.24	0.23
636	719	Chase Manhattan	32.5	64¼– 31¼	63¾	11.86	5.4	0.24	3.80	6.0	91.63	1.44
353	328	Chemical New York	118.4	44½– 17¾	41⅜	7.54	5.5	0.35	2.48	6.0	46.43	1.12
580	436	Chesebrough-Pond's	50.7	47¼– 27	42⅜	3.08	13.8	0.60	2.00	4.7	18.30	0.43
819	675	Chevron	–22.9	51¾– 23½	38⅜	4.03	9.5	0.33	2.40	6.3	43.15	1.12
668	849	Chicago Pneumatic	22.8	29⅜– 10⅞	22⅞	1.61	14.2	0.24	0.40	1.7	26.64	1.16
832	918	Chromalloy American	–26.1	28¼– 7½	15⅞	–0.30	def	0.28	none	0.0	14.61	0.92
14	60	Chrysler	797.4	45 – 3	43¾	16.10	2.7	0.24	1.00	2.3	27.22	0.62

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NE: Negative equity. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
195	350	Chubb	204.1%	54¼–13¼	53⅜	$2.07	25.7	0.70	$1.56	2.9%	$28.39	0.53
380	405	Church's Fried	110.4	20¼– 8½	18½	1.16	15.9	1.23	0.44	2.4	7.04	0.38
613	NR	Cigna	40.1‡‡	63⅛–27	62	1.94	32.0	0.28	2.60	4.2	62.66	1.01
395	527	CILCorp	106.1	27⅛–12¼	25¼	2.57	9.8	0.69	2.22	8.8	21.64	0.86
113	NR	Cincinnati Financial	285.0	63 –14¼	61¼	3.34	18.3	1.58	1.24	2.0	25.78	0.42
654	815	Cincinnati G&E	26.2	20 – 8⅞	19¼	2.90	6.6	0.60	2.16	11.2	20.44	1.06
859	671	Cincinnati Milacron	–38.5	46¾–15⅛	20	–1.79	def	0.68	0.72	3.6	13.10	0.66
251	231	Circle K	157.6	24⅜– 5⅜	19¾	1.78	11.1	0.20	0.50	2.5	8.07	0.41
5	NR	Circuit City Stores	1,673.2	31 – 1⅜	24⅜	1.86	13.2	0.45	0.10	0.4	8.16	0.33
453	517	Citicorp	90.7	51¾–20⅞	46¼	7.33	6.3	0.27	2.26	4.9	45.82	0.99
331	123	Citizens & So Ga	126.1	23⅞– 7⅛	19½	2.37	8.2	0.51	0.88	4.5	12.54	0.64
97	84	CityFed Financial	310.5	15¾– 1¾	10¾	3.77	2.9	0.14	0.40	3.7	14.78	1.37
813	880	Clark Equipment	–20.3	39⅛–18	25½	–4.27	def	0.39	1.10	4.3	32.40	1.27
534	695	Cleveland Electric	64.1	24¼–13⅜	24	3.55	6.8	1.45	2.64	11.0	21.51	0.90
73	148	Clorox	354.3	46¼– 9⅜	46	3.40	13.5	1.13	1.36	3.0	18.37	0.40
95	161	Cluett, Peabody	314.5	39⅜– 9½	39⅜	1.93	20.4	0.33	1.00	2.5	26.55	0.67
111	394	CNA Financial	288.3	63¼–10¼	62⅛	2.59	24.0	0.89	none	0.0	26.32	0.42
769	27	CNW	–9.6	53⅞–12¼	18⅜	–1.15	def	0.34	none	0.0	19.57	1.06
101	26	Coachmen Industries	300.0	39⅜– 2¼	12½	0.74	16.9	0.29	0.40	3.2	10.40	0.83
669	701	Coastal Corp	22.7	36⅞– 8½	34½	2.92	11.8	0.15	0.40	1.2	18.45	0.53
275	374	Coca-Cola	146.1	82½–29¾	82⅛	5.06	16.2	1.39	2.96	3.6	21.23	0.26
65	10	Coleco Industries	373.1	65 – 3	18⅜	–2.13	def	0.35	none	0.0	0.65	0.03
381	425	Colgate-Palmolive	110.3	33⅛–13⅞	30¼	0.62	49.6	0.47	1.36	4.4	14.69	0.48
30	62	Collins & Aikman	554.5	27¾– 4½	27	2.92	9.2	0.55	0.80	3.0	13.45	0.50
384	601	Colonial Penn Group	109.2	34⅛–11¼	34	3.12	10.9	0.41	1.40	4.1	23.18	0.68
221	223	Colt Industries	181.2‡	65¼–20⅞	63⅜	7.00	9.1	0.67	2.50	3.9	17.58	0.28
765	832	Columbia Gas System	–8.1	41½–26¾	37	–2.61	def	0.36	3.18	8.6	41.10	1.11
72	NR	Columbia S&L	355.7	15⅜– 2	15⅜	8.29	1.9	0.13	none	0.0	19.69	1.28
220	376	Combined Intl	183.7	50¼–16¾	50	4.65	10.8	1.21	2.16	4.3	25.44	0.51
864	764	Combustion Eng	–38.9	49⅞–20½	28½	–2.55	def	0.36	1.00	3.5	24.00	0.84
116	104	Comdisco	283.4	42 – 4¾	22⅞	2.12	10.8	1.05	0.20	0.9	7.00	0.31
340	543	Comerica	121.8	43¼–17½	42¼	4.62	9.1	0.42	2.20	5.2	41.61	0.98
539	532	Commercial Metals	62.9	27⅞– 7¾	19	1.42	13.4	0.12	0.36	1.9	19.53	1.03
555	573	Commonwealth Ed	60.0	32⅞–17¾	29	4.54	6.4	1.10	3.00	10.3	28.69	0.99
417	467	Commonwealth Energy	99.2	30⅜–12⅜	28⅜	4.33	6.6	0.38	2.52	8.8	25.88	0.90
578	851	Computer Sciences	52.0	29¾–11	28⅞	2.16	13.4	0.51	none	0.0	13.59	0.47
923	NR	Computervision	–73.3	52⅞– 9⅛	10¾	–1.53	def	0.63	none	0.0	9.20	0.86
230	44	ConAgra	173.6	41⅞–10¾	41½	2.75	15.1	0.25	1.00	2.4	13.90	0.33
210	243	Consolidated Edison	193.5	38 –11⅜	36½	4.36	8.4	0.80	2.40	6.6	30.64	0.84
198	267	Consol Freightways	202.0	37⅛–12¼	37	3.07	12.1	0.51	1.10	3.0	21.63	0.58
528	317	Consol Natural Gas	65.0	47⅞–20	46	4.78	9.6	0.57	2.64	5.7	34.40	0.75
196	206	Consolidated Papers	203.9	54⅜–11⅜	49	4.79	10.2	1.49	1.48	3.0	19.17	0.39
892	940	Consumers Power	–52.6	21⅞– 4⅛	7⅞	–0.47	def	0.21	none	0.0	25.92	3.29
422	637	Continental Corp	97.9	48⅛–20⅜	47¾	2.02	23.6	0.54	2.60	5.4	38.58	0.81
NR	NR	Continental Illinois	NA	10⅛– ⅜	7⅜	1.50	5.1	0.12	none	0.0	6.57	0.86
573	600	Continental Telecom	53.2	25⅞–14¾	24⅛	3.12	7.7	0.75	1.80	7.5	17.92	0.74
885	604	Control Data	–48.2	64⅜–15⅛	18¼	–6.22	def	0.14	none	0.0	46.06	2.52
932	937	Cook United	–82.4	9⅜– ⅞	1	–4.32	def	2.56	none	0.0	–2.63	NE
825	775	Cooper Industries	–24.2	55⅜–19¼	40¾	2.50	16.3	0.65	1.52	3.7	26.12	0.64
241	23	Cooper Tire & Rubber	165.5	22¾– 6⅛	18¼	1.97	9.3	0.35	0.40	2.2	16.04	0.88
690	689	Adolph Coors	15.9	29⅛– 9¾	18¼	1.31	13.9	0.51	0.40	2.2	25.45	1.39
874	713	Copperweld	–41.5	31⅜– 8⅜	9¼	–2.87	def	0.18	none	0.0	16.55	1.70
122	167	CoreStates Financial	272.9	31⅛– 6⅜	30⅞	5.94	5.2	0.88	1.24	4.0	18.67	0.60
414	688	Corning Glass Works	100.0	59¼–19⅜	59⅜	2.22	26.9	1.50	1.40	2.3	26.15	0.44
518	606	CPC International	68.7	53⅛–27¾	53⅛	2.99	17.8	0.61	2.20	4.1	27.26	0.51
761	711	Crane	–6.2‡	43⅛–16¾	38	3.35	11.3	0.34	1.60	4.2	22.91	0.60
NR	NR	CrossLand Savings	NA	12⅜– 8⅞	12½	–0.88	def	0.18	none	0.0	19.63	1.57
855	936	Crown Central Pet	–36.0	30 – 9⅛	17½	2.28	7.7	0.08	none	0.0	29.78	1.70
218	506	Crown Cork & Seal	184.6‡	83½–22¾	80¾	6.22	13.0	0.60	none	0.0	43.36	0.54
802	886	Crown Zellerbach	–17.5	53⅜–15⅛	40	–1.81	def	0.35	1.00	2.5	37.69	0.94
508	546	CSX	74.3	28⅞–12⅛	27¾	2.73	10.2	0.57	1.16	4.2	32.73	1.18
24	20	Culbro	617.1	36¾– 5¼	36¼	2.43	15.1	0.16	0.80	2.2	33.15	0.90
346	193	Cullum Cos	120.7	23 – 8¼	20	1.62	12.3	0.20	0.50	2.5	9.74	0.49

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡Shares outstanding have declined by 10% or more in the last year. ‡‡Three-year price change. NE: Negative equity. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
321	217	Cummins Engine	129.8%	88½–25⅞	69½	$ 7.67	9.1	0.30	$ 2.20	3.2%	$68.62	0.99
144	181	Curtice-Burns	241.1	31¼– 7	23⅞	2.57	9.3	0.14	0.92	3.9	17.17	0.72
375	447	Cyclops	112.2	52¼–13⅜	52	6.31	8.2	0.15	1.10	2.1	48.25	0.93
NR	NR	Cyprus Minerals	NA	16 –11	15¼	–2.19	def	0.63	none	0.0	42.99	2.82
455	514	Dana	90.4	33⅜–14¼	27⅛	3.27	8.3	0.41	1.28	4.7	21.73	0.80
231	330	Dart & Kraft	172.4‡	42 –14¼	39½	3.10	12.7	0.58	1.56	3.9	18.09	0.46
644	318	Data General	29.8	76 –10⅛	42¾	0.92	46.5	0.87	none	0.0	24.32	0.57
NR	905	Datapoint	NA	5⅜– 4	5⅜	–2.61	def	0.20	none	0.0	17.48	3.25
591	667	Dayco	47.8	22 – 6¼	17	1.94	8.8	0.14	0.24	1.4	23.05	1.36
105	121	Dayton-Hudson	298.0	45¼–10⅞	43½	2.88	15.1	0.49	0.82	1.9	17.90	0.41
527	737	Dayton Power & Lt	65.3	20⅝–11⅛	19⅝	2.43	8.1	0.79	2.00	10.2	19.06	0.97
58	13	Dean Foods	397.5	40⅜– 6⅝	39¼	2.22	17.7	0.53	0.56	1.4	9.40	0.24
876	852	Deere	–41.7	48 –22	28	0.67	41.8	0.46	1.00	3.6	33.78	1.21
886	860	DeKalb AgResearch	–48.3	51½–12¼	26¾	1.62	16.5	0.57	0.72	2.7	30.42	1.14
NR	NR	Delchamps	NA	20¼–10¾	17⅞	1.38	13.0	0.19	0.28	1.6	9.61	0.54
343	453	Delmarva Power & Lt	121.3	26⅝–10½	26	2.73	9.5	1.11	1.92	7.4	17.70	0.68
656	329	Delta Air Lines	25.9	52¾–22⅜	37⅛	5.73	6.5	0.32	1.00	2.7	32.21	0.87
169	149	Deluxe Check	221.5	44¾– 6	43	2.33	18.5	2.50	1.04	2.4	6.97	0.16
398	341	Dennison Mfg	105.0	28⅛–10⅜	23¾	1.76	13.5	0.54	1.20	5.1	14.94	0.63
229	155	DeSoto	174.0‡	37⅞–11¼	34¼	3.06	11.2	0.40	1.40	4.1	24.17	0.71
601	657	Detroit Edison	43.7	17⅞–10⅞	15⅝	2.29	6.8	0.82	1.68	10.7	16.88	1.08
671	462	Dexter	22.6	29⅛–11	23⅜	1.76	13.4	0.62	0.80	3.4	12.96	0.55
477	807	DiGiorgio	85.2	18¾– 7⅞	17⅛	0.14	NM	0.10	0.64	3.7	16.27	0.95
897	903	Diamond Shamrock	–56.2	39⅝–14⅞	15½	–4.97	def	0.46	1.00	6.5	20.51	1.32
62	38	Dibrell Brothers	386.4	27 – 4¼	24½	2.89	8.5	0.28	0.80	3.3	17.73	0.72
662	519	Digital Equipment	24.6	132⅛–61¾	118⅜	6.17	19.2	1.02	none	0.0	76.87	0.65
4	2	Dillard Dept Stores	1,998.6	38⅛– 1⅜	35¾	2.02	17.7	0.71	0.10	0.3	10.20	0.29
452	622	Walt Disney	91.0	98¼–43⅜	97⅞	5.15	19.0	1.59	1.20	1.2	34.26	0.35
324	476	Diversified Energies	128.2	28½– 8½	21¼	1.32	16.1	0.23	1.40	6.6	18.46	0.87
393	387	Dominion Resources	106.5	34⅛–15¼	32⅛	3.60	8.9	1.06	2.84	8.8	28.65	0.89
160	116	RR Donnelley	229.3	61⅞–15¼	58¼	3.74	15.6	1.13	1.16	2.0	20.87	0.36
391	344	Dorsey	106.9‡	44⅛–16	37½	2.72	13.8	0.19	1.20	3.2	24.14	0.64
674	272	Dover	21.5	42½–17¾	38⅛	2.65	14.4	0.93	0.88	2.3	15.77	0.41
679	817	Dow Chemical	19.8	39 –19⅜	38½	2.29	16.8	0.65	1.80	4.7	26.63	0.69
226	67	Dow Jones	177.9	57 –14⅞	42⅛	2.05	20.7	2.68	0.78	1.8	7.86	0.19
893	904	Dravo	–53.3	31⅞– 9¼	14⅞	–0.94	def	0.23	0.50	3.4	14.23	0.96
907	858	Dresser Industries	–63.8	54⅞–12¼	19⅜	1.18	16.4	0.36	0.80	4.1	24.90	1.28
576	691	El du Pont	52.1	64½–30	63⅞	3.79	16.9	0.45	3.00	4.7	50.06	0.78
472	455	Duke Power	87.6	35⅞–15⅞	34	3.80	8.9	1.20	2.60	7.6	27.80	0.82
225	152	Dun & Bradstreet	179.4	83¼–26⅝	79⅝	3.75	21.2	2.31	2.20	2.8	16.12	0.20
627	707	Duquesne Light	35.7	19 –11⅜	17⅛	2.20	7.8	1.38	2.06	12.0	16.27	0.95
842	658	DWG	–30.3	3⅝– 1½	1⅝	–0.13	def	0.02	none	0.0	4.73	2.90
726	822	Dynalectron	5.4	17⅜– 5⅜	14⅝	1.26	11.6	0.21	0.27	1.8	10.80	0.74
291	127	E-Systems	140.0	44¾– 9⅝	30	1.99	15.1	0.98	0.50	1.7	9.63	0.32
617	705	Eagle-Picher Inds	38.5	28¼– 9⅝	27	2.71	10.0	0.40	1.04	3.9	25.06	0.93
513	670	Easco	73.3	23½–10½	18⅜	–7.60	def	0.34	none	0.0	14.87	0.80
806	902	Eastern Air Lines	–18.6	13⅛– 3½	6	1.06	5.7	0.07	none	0.0	2.95	0.49
792	646	Eastern Gas & Fuel	–14.9	30 –14¼	24⅞	–3.69	def	0.45	1.30	5.2	22.16	0.89
727	489	Eastman Kodak	5.4	65⅜–40⅛	49	3.19	15.4	1.05	2.20	4.5	30.58	0.62
367	321	Eaton	114.9	61½–22¾	61¼	7.33	8.4	0.56	1.40	2.3	36.42	0.59
437	449	Echlin	94.6	15½– 5	13⅜	1.10	12.2	0.72	0.44	3.3	6.28	0.47
625	520	Jack Eckerd	36.4	34⅞–17⅜	30	–0.22	def	0.43	1.04	3.5	14.49	0.48
486	774	Economics Laboratory	80.6	37¾–16	37¼	3.00	12.4	0.68	1.04	2.8	17.17	0.46
NR	NR	Edison Bros Stores	NA	33¼–31	33⅛	2.16	15.3	0.40	1.60	4.8	27.88	0.84
499	169	EG&G	76.5‡	43 –14½	38½	1.97	19.5	0.92	0.52	1.4	5.59	0.15
400	323	Emerson Electric	104.8	78¼–36	74¾	5.43	13.8	1.19	2.76	3.7	27.27	0.36
714	740	Emery Air Freight	7.4	26⅝– 7	16¼	1.18	13.8	0.36	0.50	3.1	8.80	0.54
332	304	Emhart	125.6	33⅛–11⅞	30¼	2.96	10.2	0.48	1.40	4.6	19.17	0.63
755	684	Engelhard	–4.1††	44¾–17	23¼	1.83	12.7	0.28	0.72	3.1	17.87	0.77
844	803	Enserch	–30.8	35⅛–15¾	23⅛	0.05	NM	0.38	1.60	6.9	17.99	0.78
649	717	Entex	28.5	24¼–10⅛	19¾	1.60	12.3	0.47	1.36	6.9	14.12	0.71
53	102	Equifax	408.4	35½– 6⅝	35⅜	1.68	21.1	0.69	1.24	3.5	8.34	0.24
590	788	Equitable of Iowa	48.4	29½–13½	23¾	1.59	14.9	0.31	1.28	5.4	36.64	1.54

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
463	NR	Equitable Resources	89.0%	50½–12½	42⅝	$ 4.38	9.7	1.16	$1.72	4.0%	$26.62	0.62
NR	NR	Esselte Business Sys	NA	24½–12⅝	23¾	1.55	15.3	0.74	0.44	1.9	11.77	0.50
106	301	Ethyl	296.3‡	27 – 4½	26⅞	1.65	16.3	1.10	0.60	2.2	11.26	0.42
946	948	Evans Products	–93.9	24⅛– 1	1⅛	–5.84	def	0.01	none	0.0	7.64	6.79
494	571	Ex-Cell-O	77.3	44⅞–18¼	44⅝	3.89	11.5	0.57	1.72	3.9	32.27	0.72
640	473	Exxon	31.2	55⅞–24⅞	52⅞	5.83	9.1	0.46	3.60	6.8	36.84	0.70
916	850	Fairchild Industries	–69.2	33⅞– 8⅞	10	–15.11	def	0.16	0.20	2.0	20.20	2.02
737	635	Farm House Foods	3.0‡	6⅝– 2⅝	4⅛	0.37	11.1	0.03	none	0.0	3.81	0.92
261	373	Farmers Group	151.6	70¼–25¼	70⅛	5.14	13.6	2.47	1.76	2.5	30.96	0.44
491	398	Federal Co	77.8	46⅜–16¾	46	4.49	10.2	0.30	2.08	4.5	30.11	0.65
300	160	Federal Express	137.9	53½–20⅜	52⅝	2.09	25.2	1.13	none	0.0	17.27	0.33
509	291	Federal-Mogul	73.8	39 –18	36½	3.35	10.9	0.55	1.60	4.4	24.23	0.66
379	791	Fedl Natl Mortgage	110.5	30⅛– 6⅜	25	–0.23	def	0.18	0.16	0.6	18.35	0.73
686	536	Federal Paper Board	16.3	27 – 8⅞	17⅞	1.03	17.4	0.32	0.70	3.9	15.09	0.84
292	386	Federated Dept Strs	139.9	69 –28⅛	68¾	6.86	10.0	0.33	2.54	3.7	52.26	0.76
620	698	Ferro	37.9	39⅞–18½	29⅛	1.90	15.3	0.30	1.20	4.1	28.13	0.97
74	69	Fidelcor	354.0	34⅝– 7¼	32⅝	4.09	8.0	0.52	1.32	4.0	24.20	0.74
624	665	Fieldcrest Mills	36.6	39 –17⅛	34½	1.11	31.1	0.24	1.00	2.9	44.49	1.29
478	271	Figgie Intl	84.3	38¾–12⅞	38¼	4.30	8.9	0.30	0.68	1.8	31.65	0.83
552	164	Finl Corp of America	60.4‡	32⅜– 3⅝	7	–15.18	def	0.08	none	0.0	1.59	0.23
NR	NR	Fireman's Fund	NA	32½–25⅞	32	–1.48	def	0.64	0.30	0.9	23.23	0.73
454	348	Firestone	90.5‡	23⅞– 8⅞	20	1.35	14.8	0.21	0.80	4.0	28.48	1.42
52	37	First Atlanta	415.4	28¾– 5½	28⅝	2.78	10.3	0.90	0.68	2.4	12.48	0.44
412	575	First Bank System	100.7	43 –13¾	39⅞	5.49	7.3	0.44	1.60	4.0	37.08	0.93
30	11	First Boston	554.5	47⅜– 5¼	45	4.09	11.0	0.52	1.00	2.2	18.57	0.41
544	597	First Chicago	61.6	28 –13½	25¼	2.73	9.2	0.27	1.32	5.2	34.12	1.35
896	841	First City Bancorp	–54.5	41¼–10¾	12	0.91	13.2	0.21	0.60	5.0	23.56	1.96
98	19	First Executive	308.4	18⅞– 3¼	17	1.24	13.7	0.26	none	0.0	11.61	0.68
NR	NR	First Federal Mich	NA	19⅝– 5¾	16⅞	4.78	3.5	0.15	none	0.0	22.57	1.34
170	244	First Fidelity Bncp	220.8	62¼–19	62¼	7.07	8.8	0.71	3.12	5.0	47.50	0.76
600	631	First Interstate	43.8	55⅜–21⅛	51¼	6.65	7.8	0.43	2.50	4.8	50.62	0.98
61	NR	First of America Bank	389.0	42½– 8¾	42⅜	5.24	8.1	0.64	1.40	3.3	27.51	0.65
585	896	First Pennsylvania	50.0	8½– 2¾	6¾	–0.16	def	0.27	none	0.0	14.11	2.09
672	779	First Security	22.5	27¾–14⅛	24½	1.50	16.3	0.51	1.10	4.5	28.68	1.17
164	NR	First Tennessee Natl	226.5	28⅝– 7⅞	27¼	3.01	9.2	0.70	1.12	4.0	18.21	0.66
128	97	First Union	269.6	44¾–11¼	42½	5.04	8.4	0.95	1.24	2.9	25.01	0.59
255	469	First Wisconsin	153.7	39 –10½	39	4.06	9.6	0.55	1.30	3.3	34.22	0.88
786	550	Fischbach	–14.1	55½–23½	28¼	–0.95	def	0.12	none	0.0	45.23	1.60
520	726	Fisher Foods	67.2	14⅜– 7⅛	12¾	0.05	NM	0.11	0.05	0.4	13.78	1.08
117	119	Fleet Financial	281.1	43 – 9¾	37⅞	4.53	8.3	0.81	1.44	3.8	23.72	0.63
49	31	Fleetwood Enterprises	425.7	41⅞– 4⅛	23	2.14	10.7	0.43	0.44	1.9	11.10	0.48
186	87	Fleming Cos	208.7	40¼–11¼	39¼	2.87	13.9	0.13	1.00	2.5	17.72	0.45
NR	NR	Florida Federal S&L	NA	22⅜–13	18¾	–0.46	def	0.32	0.20	1.1	31.04	1.66
146	NR	Florida Natl Banks	239.3	41⅞–12⅛	41	7.14	5.7	0.81	0.80	2.0	23.74	0.58
347	442	Florida Progress	120.2	30⅛–12⅜	30	3.46	8.7	0.91	2.28	7.6	20.03	0.67
47	30	Flowers Industries	430.4	22⅛– 3⅝	22	1.13	19.5	0.80	0.46	2.1	6.18	0.28
924	895	Fluor	–73.8	61⅞–11⅞	15¾	–1.00	def	0.30	0.40	2.5	21.49	1.36
336	264	FMC	124.6‡	72 –23⅛	68½	2.02	33.9	0.54	2.20	3.2	36.72	0.54
41	72	Food Lion	452.2	20¾– 3½	20¼	0.84	24.1	0.62	0.07	0.3	3.08	0.15
101	434	Foodarama Supermkts	300.0	14⅜– 3	12½	2.36	5.3	0.04	none	0.0	16.62	1.33
96	269	Ford Motor	313.5	55⅜–10½	55⅛	13.56	4.1	0.20	2.80	5.1	53.11	0.96
151	198	Fort Howard Paper	233.6	50½–12¼	46½	2.40	19.4	2.15	0.92	2.0	13.29	0.29
921	912	LB Foster	–71.9††	17½– 4	4	0.12	33.3	0.11	0.10	2.5	7.59	1.90
889	800	Foster Wheeler	–51.0	25⅜– 9⅛	12	0.96	12.5	0.34	0.44	3.7	11.15	0.93
857	673	Foxboro	–36.7	47½–21½	24¾	0.01	NM	0.56	none	0.0	23.64	0.96
NR	NR	FoxMeyer	NA	29¾–20	25¼	1.57	16.1	0.18	none	0.0	16.52	0.65
436	396	FPL Group	95.2	28⅞–11⅝	25½	3.29	7.8	0.72	1.96	7.7	20.15	0.79
863	893	Freeport-McMoRan	–38.8	40⅝–12¼	20¾	1.79	11.6	1.79	0.60	2.9	10.22	0.49
529	599	Fremont General	65.0	33⅞– 5½	24½	14.35	1.7	0.48	0.48	2.0	12.64	0.52
542	685	Frontier Holdings	62.5	28¾– 8¼	24	2.67	9.0	0.46	none	0.0	13.53	0.56
616	616	Fruehauf	38.7	33⅜–10¼	23	3.75	6.1	0.17	0.70	3.0	27.26	1.19
59	126	Fuqua Industries	396.6	39⅞– 6¼	36	3.33	10.8	0.38	0.40	1.1	18.63	0.52
136	215	GAF	250.5	48 – 8⅜	46⅞	3.09	15.2	1.12	0.20	0.4	12.33	0.26

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NM: Not meaningful. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
286	287	Gannett	142.2%	66⅛–19¾	59⅛	$3.10	19.1	2.20	$1.68	2.8%	$14.25	0.24
20	64	Gap	683.2	28⅜– 3¼	28⅛	0.64	43.9	0.84	0.36	1.3	7.47	0.27
903	752	Gates Learjet	–59.6	27⅛– 7⅛	9¼	–1.69	def	0.34	none	0.0	9.40	1.02
799	835	GATX	–16.8	41⅛–20½	30⅞	–3.73	def	0.54	1.20	3.9	28.36	0.92
937	NR	Gearhart Industries	–86.9	56½– 7¼	7⅜	0.30	24.6	0.28	none	0.0	14.69	1.99
42	29	Geico	447.0	80¾–14⅜	80	4.27	18.7	1.27	1.00	1.3	22.40	0.28
875	845	Gelco	–41.5	32 –13⅜	18⅛	1.63	11.1	0.25	0.56	3.1	16.22	0.89
119	419	GenCorp	274.7	65 –16⅞	63⅜	1.76	36.2	0.48	1.50	2.4	41.56	0.65
33	58	General Cinema	537.7	41⅜– 6⅜	41¼	3.26	12.7	1.58	0.50	1.2	9.46	0.23
545	270	General Dynamics	61.4‡	84 –18¾	69	9.29	7.4	0.37	1.00	1.4	24.58	0.36
366	252	General Electric	115.1	66¼–25½	65⅞	5.12	12.9	1.09	2.32	3.5	27.64	0.42
48	142	General Host	426.0	19¼– 3½	19½	5.05	3.9	0.65	0.30	1.5	12.07	0.62
883	647	General Instrument	–47.2	66⅞–12¼	16⅛	–1.18	def	0.58	0.25	1.5	19.01	1.16
254	302	General Mills	154.6†	68⅞–26¼	68¼	–1.73	def	0.70	2.24	3.3	23.03	0.33
566	494	General Motors	56.4	85 –33⅞	70⅛	10.95	6.4	0.24	5.00	7.1	75.95	1.08
172	612	General Public Utils	220.9	16⅛– 3⅞	16	1.97	8.1	0.35	none	0.0	26.05	1.63
126	212	General Re	270.2	100⅝–25¾	99¼	0.86	NM	2.36	1.56	1.6	30.33	0.31
728	829	General Refractories	5.3	14¼– 2⅜	10	0.46	21.7	0.13	none	0.0	4.03	0.40
744	648	General Signal	–1.7	54 –28	44	3.64	12.1	0.70	1.80	4.1	31.53	0.72
871	499	Genesco	–40.9	11⅛– 2¼	3¼	–0.83	def	0.09	none	0.0	5.40	1.66
462	306	Genuine Parts	89.3	36 –17¼	33⅛	2.31	14.3	0.79	1.18	3.6	12.90	0.39
940	949	GEO International	–88.4††	46½– 3	3⅞	–1.33	def	0.19	none	0.0	9.19	2.37
746	813	Georgia-Pacific	–2.0	32⅛–13¼	24½	0.25	NM	0.37	0.80	3.3	20.58	0.84
148	230	Gerber Products	236.4	41⅛–10¾	40	2.60	15.4	0.85	1.32	3.3	17.24	0.43
11	54	Giant Food	848.5	26⅞– 2⅜	26⅞	1.71	15.7	0.37	0.50	1.9	7.68	0.29
713	854	Gibraltar Financial	7.6	16 – 2⅜	8⅞	2.20	4.0	0.14	none	0.0	12.03	1.36
665	746	Gifford-Hill	23.4	27 –10	19¾	0.02	NM	0.39	0.52	2.6	23.40	1.18
263	292	Gillette	151.4	70¾–27	70⅜	5.12	13.7	0.93	2.60	3.7	25.66	0.36
NR	NR	Glendale Federal S&L	NA	15 – 6¾	14¾	2.53	5.8	0.21	0.20	1.4	31.74	2.15
947	910	Global Marine	–95.8	36½– 1⅛	1½	–6.54	def	0.12	none	0.0	12.47	8.31
474	461	Godfrey	86.9	21 – 6⅞	19	1.43	13.3	0.08	0.52	2.7	11.98	0.63
219	402	Golden West Finl	184.1	27¼– 3⅛	26¼	4.37	6.1	0.63	0.16	0.6	10.16	0.38
634	563	BF Goodrich	33.2	43⅞–16⅝	33⅛	–15.87	def	0.23	1.56	4.7	48.25	1.46
487	334	Goodyear	80.5	36⅞–15⅞	28⅞	4.05	7.1	0.32	1.60	5.5	29.78	1.03
458	633	Gordon Jewelry	89.6	22⅞– 9¼	18¼	0.72	25.2	0.42	0.52	2.9	22.55	1.24
664	802	Gould	24.0	43¾–19	31⅛	–3.49	def	1.03	0.68	2.1	19.59	0.62
843	751	WR Grace	–30.7	59⅜–28½	40⅞	3.18	12.9	0.28	2.80	6.8	45.07	1.10
423	505	WW Grainger	97.9	36⅛–16⅝	34⅛	2.44	14.0	0.89	0.68	2.0	16.08	0.47
NR	NR	Gt Am First Savings	NA	21½– 8⅛	20	2.77	7.2	0.29	0.48	2.4	27.67	1.38
132	332	Great A&P Tea	259.6	20 – 3½	18⅞	1.54	12.3	0.11	0.40	2.1	15.48	0.82
584	479	Gt Northern Nekoosa	50.0	43¼–19⅜	38⅞	2.32	16.8	0.51	1.52	3.9	37.80	0.97
546	735	Gt Western Financial	61.1	31½– 9½	30	4.05	7.4	0.36	1.00	3.3	25.78	0.86
345	466	Greyhound	120.8	32⅜–12½	30⅝	2.44	12.6	0.58	1.32	4.3	23.72	0.77
316	220	Grumman	132.0	36⅜–10½	32⅛	2.83	11.5	0.31	1.00	3.1	18.99	0.58
562	555	GTE	58.3	48⅜–24½	43⅛	5.10	8.5	0.59	3.16	7.3	35.82	0.83
215	357	Gulf & Western Inds	189.0	46¼–11¼	45⅞	3.31	13.9	1.74	0.90	2.0	29.15	0.64
712	722	Gulf States Utils	8.6	16½–10	12⅝	2.24	5.6	0.69	1.64	13.0	15.79	1.25
914	859	Halliburton	–66.8	84½–21	27¾	0.36	NM	0.61	1.80	6.5	31.19	1.12
444	274	Hammermill Paper	93.1	42⅞–14⅜	34¾	2.61	13.3	0.29	1.36	3.9	30.75	0.88
862	790	Handy & Harman	–38.8	34½–12¼	17¾	0.74	24.0	0.43	0.66	3.7	9.75	0.55
22	32	Hannaford Bros	672.1	27⅞– 3⅜	27⅞	1.69	16.5	0.31	0.50	1.8	8.94	0.32
142	222	Hanover Insurance	242.8	51⅜–12⅜	51⅛	0.96	53.3	0.62	0.56	1.1	31.95	0.62
118	195	Harcourt Brace	279.3	68⅞–12½	64¼	4.34	14.8	0.79	1.00	1.6	22.27	0.35
828	875	Harnischfeger	–25.0	23¼– 5½	10½	0.35	30.0	0.29	none	0.0	11.36	1.08
887	828	Harris Corp	–49.2	60¼–20⅜	26½	1.69	15.7	0.46	0.88	3.3	21.56	0.81
451	511	Harsco	91.1	32⅛–14⅞	32⅛	3.09	10.4	0.48	1.38	4.3	21.79	0.68
228	NR	Hartford National	176.0	34⅞–12⅛	34½	4.13	8.4	0.86	1.72	5.0	22.44	0.65
121	96	Hartmarx	273.7	39⅜– 9⅜	35½	3.37	10.5	0.40	1.28	3.6	24.36	0.69
272	311	Harvey Hubbell	147.5	25⅛– 8⅜	24¾	1.83	13.5	1.18	0.76	3.1	10.31	0.42
1	NR	Hasbro	3,182.0	39½– ⅞	35⅜	3.43	10.3	0.73	0.15	0.4	11.78	0.33
369	438	Hawaiian Electric	114.2	25⅜–10¼	22⅜	2.33	9.7	0.56	1.72	7.6	20.04	0.89
648	661	Heck's	28.8	19⅜– 8½	12⅞	–0.82	def	0.23	0.28	2.2	11.06	0.86
515	458	G Heileman Brewing	72.0	44 – 9⅝	19⅛	1.63	11.7	0.43	0.50	2.6	10.21	0.53

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. ††Four year price change. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
88	110	HJ Heinz	330.7%	34¼– 7⅝	33⅜	$1.99	16.8	1.12	$0.90	2.7%	$ 8.97	0.27
407	445	Hercules	102.0	43⅛–16⅞	38⅜	2.80	13.7	0.81	1.60	4.2	25.57	0.67
78	115	Hershey Foods	348.9	53⅛–11⅝	52¼	3.55	14.9	0.84	1.50	2.8	21.09	0.40
564	248	Hewlett-Packard	57.0	48¼–18	35⅛	1.91	18.4	1.39	0.22	0.6	13.82	0.39
213	NR	Hillenbrand Inds	190.8	26⅞– 7½	23⅜	1.84	12.8	0.91	0.54	2.3	12.09	0.51
557	414	Hilton Hotels	59.5	73½–27⅝	67⅜	4.64	14.5	2.49	1.80	2.7	24.00	0.36
397	246	Holiday	105.1	59 –21⅛	55⅜	4.66	11.9	0.83	1.00	1.8	28.99	0.52
633	906	Holly Corp	33.6	20⅜– 4⅞	20⅜	2.78	7.3	0.19	0.24	1.2	14.74	0.72
NR	NR	Home Federal S&L	NA	27⅛–11¾	25¼	2.93	8.6	0.45	none	0.0	30.40	1.20
NR	NR	Home Group	NA	27⅛–15½	25⅞	–6.16	def	0.49	none	0.0	22.59	0.87
673	559	Honeywell	21.7	69¾–29¾	68	4.06	16.7	0.49	2.00	2.9	50.97	0.75
145	295	Hoover	240.6	44⅜– 8⅞	43	2.63	16.3	0.79	1.20	2.8	15.38	0.36
178	428	George A Hormel	213.9	24⅜– 7	24⅛	1.68	14.4	0.31	0.56	2.3	14.75	0.61
651	176	Hospital Corp	27.7	56⅛–18⅛	34⅛	3.79	9.1	0.79	0.60	1.7	21.23	0.61
279	383	Household Intl	145.4	41⅛–14¼	39⅞	3.91	10.2	0.24	1.81	4.5	28.86	0.72
588	732	Houston Industries	49.4	29½–16⅝	28⅜	4.29	6.6	0.74	2.64	9.3	24.95	0.88
922	911	Hughes Tool	–73.1	48¼–12	13	0.26	50.0	0.56	0.48	3.7	17.21	1.32
467	83	Humana	88.3	36¼–12⅜	28	2.19	12.8	1.24	0.76	2.7	7.67	0.27
120	218	Huntington Bcshs	274.3	26⅜– 6½	26¼	2.62	10.0	0.78	0.84	3.2	16.29	0.62
512	56	EF Hutton Group	73.4	53⅜–15¾	36⅝	2.15	17.0	0.31	0.88	2.4	24.61	0.67
304	265	IC Industries	137.3	38⅛–12¼	36⅛	2.41	15.2	0.42	1.44	3.9	30.36	0.83
7	NR	ICH	1,280.3	55½– 3⅛	52⅛	4.67	11.3	0.59	0.13	0.2	14.90	0.28
931	881	Ideal Basic Inds	–81.0	36¼– 4⅞	5	–10.61	def	0.21	none	0.0	22.49	4.50
500	508	Idle Wild Foods	76.5	32½–15¼	30	4.42	6.8	0.06	0.80	2.7	34.87	1.16
612	669	Illinois Power	40.6	27½–16⅜	25⅛	3.48	7.2	1.30	2.64	10.5	23.74	0.94
262	258	Illinois Tool Works	151.5	36¼–12¼	31¾	2.29	13.9	1.34	0.72	2.3	15.06	0.47
784	894	Imperial Corp of Am	–13.8††	17⅜– 4¾	10⅛	0.25	40.5	0.15	none	0.0	13.55	1.34
865	921	Inco	–39.2	23⅛– 7⅛	12⅜	0.33	37.5	0.81	0.20	1.6	9.38	0.76
837	847	Ingersoll-Rand	–27.4	80 –35½	54⅜	3.32	16.4	0.42	2.60	4.8	47.34	0.87
805	871	Inland Steel	–18.4	36 –18⅛	22¾	–4.95	def	0.19	none	0.0	41.83	1.84
683	339	Insilco	17.5	24¼–10⅜	20¼	1.60	12.7	0.49	1.00	4.9	15.15	0.75
NR	NR	Inspiration Resources	NA	15¼– 3⅞	4⅛	–2.61	def	0.27	none	0.0	9.33	2.02
607	440	Intel	41.6	49½–10⅜	28½	0.34	NM	2.24	none	0.0	11.95	0.42
596	515	Interco	44.8	85 –35½	69⅛	3.98	17.4	0.39	3.08	4.5	67.98	0.98
904	901	InterFirst	–59.7	32⅛– 9	10	0.91	11.0	0.30	0.60	6.0	17.30	1.73
480	439	Interlake	83.4	53⅞–22½	51⅛	5.36	9.5	0.34	2.60	5.1	59.13	1.16
396	346	IBM	105.5	140½–48⅜	139½	9.86	14.1	1.81	4.40	3.2	43.23	0.31
565	586	Intl Flavors & Frags	56.6	38¼–17⅜	35⅝	1.84	19.4	2.72	1.16	3.3	9.56	0.27
918	945	Intl Harvester	–69.8	26⅛– 2¾	7¾	–3.67	def	0.14	none	0.0	1.96	0.25
861	789	Intl Minerals & Chem	–38.7	66½–23½	40⅛	3.41	11.8	0.69	2.60	6.5	39.98	1.00
354	524	Intl Multifoods	118.1	43¼–17½	40⅝	3.39	12.0	0.26	1.76	4.3	27.62	0.68
695	583	International Paper	14.0	60 –32¾	47⅞	–0.26	def	0.52	2.40	5.0	66.04	1.38
708	591	InterNorth	9.8	54⅜–21	47½	4.49	10.6	0.19	2.48	5.2	34.61	0.73
253	290	Interpublic Group	155.4	43⅜–12¾	39¼	2.98	13.3	0.67	1.08	2.7	16.27	0.41
123	345	Interstate Bakeries	272.5	24¼– 5⅜	23¼	0.98	24.2	0.16	none	0.0	14.31	0.60
382	486	Iowa-Illinois G&E	110.2	35 –15¼	33⅜	4.21	8.0	0.78	2.74	8.1	27.05	0.80
597	610	Iowa Resources	44.4	37⅞–19⅜	33¼	3.27	10.3	0.79	3.08	9.1	29.89	0.89
471	482	Ipalco Enterprises	87.8	40 –18	36⅛	3.76	9.7	1.46	3.04	8.4	28.46	0.78
530	388	Irving Bank	64.6	40⅝–16⅜	39	5.73	6.8	0.34	1.96	5.0	45.28	1.16
701	754	ITT	12.1	47¾–21¾	33⅝	2.78	12.1	0.38	1.00	3.0	40.07	1.19
809	553	IU International	–19.3	30⅛–10¾	14⅛	–1.83	def	0.15	0.60	4.2	12.83	0.91
130	81	James River Corp Va	262.2	42¼– 9⅞	37⅝	3.19	11.8	0.51	0.56	1.5	20.16	0.54
NR	NR	Jefferson Smurfit	NA	27 –15	23¼	2.12	11.0	0.34	0.40	1.7	11.90	0.51
182	335	Jefferson-Pilot	212.7	53¼–14⅛	52⅞	5.85	9.0	1.54	1.52	2.9	37.05	0.70
459	221	Jerrico	89.5	23⅞–12⅜	23½	1.46	16.1	0.71	0.16	0.7	12.76	0.54
531	674	Jim Walter	64.6	39⅜–12¾	39½	5.11	7.7	0.36	1.40	3.5	41.38	1.05
603	630	Johnson & Johnson	43.2	51½–28	47⅜	3.25	14.7	1.38	1.30	2.7	16.04	0.34
541	613	Johnson Controls	62.5	49⅜–17½	48¾	4.80	10.2	0.51	2.00	4.1	32.64	0.67
675	490	Earle M Jorgensen	20.9	31¾–18½	24⅛	1.26	19.5	0.53	1.00	4.1	26.02	1.06
313	NR	Jostens	133.1	27¾– 9⅜	26⅞	1.78	15.1	1.09	0.88	3.3	9.18	0.34
858	655	Joy Manufacturing	–37.0	42⅞–19	23¾	0.83	28.2	0.52	1.40	6.0	25.01	1.07
517	NR	JWT Group	69.4	35¾– 9⅞	30½	1.75	17.4	0.51	1.12	3.7	12.54	0.41
439	549	K mart	94.5	41½–15⅜	34¾	3.21	10.8	0.19	1.40	4.0	25.87	0.74

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ††Four-year price change. NM: Not meaningful. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
835	863	Kaiser Alum & Chem	–26.9%	27½–11½	16⅝	$–1.87	def	0.30	none	0.0%	$25.39	1.53
112	93	Kaman	286.8	26½– 5¼	24½	1.72	14.2	0.48	$0.44	1.8	9.79	0.40
927	928	Kaneb Services	–76.1	34⅛– 7⅜	8⅛	0.32	25.4	0.83	0.40	4.9	10.14	1.25
523	602	Kansas City P&L	66.7	24½–13	22½	4.79	4.7	1.17	2.36	10.5	25.29	1.12
356	NR	Kansas City Southern	117.5	74⅜–20⅜	52⅞	6.13	8.6	1.12	1.08	2.0	39.06	0.74
326	340	Kansas Power & Light	127.9	41⅜–16⅛	38¾	4.49	8.6	0.49	2.96	7.6	29.25	0.75
628	416	Kaufman & Broad	35.4	25¼– 6½	16¼	2.53	6.4	0.23	0.40	2.5	17.48	1.08
877	692	Kay	–43.3	23⅛– 7⅜	13½	1.50	9.0	0.08	0.20	1.5	9.38	0.69
143	307	Kellogg	242.6‡	72 –17⅜	69⅜	4.34	16.0	1.50	1.84	2.7	7.91	0.11
60	177	Kellwood	390.8‡	23⅜– 4⅛	23⅜	2.73	8.5	0.23	0.68	2.9	16.59	0.71
69	175	Kelly Services	361.5	40 – 7½	40	1.93	20.7	0.77	0.60	1.5	6.72	0.17
430	562	Kemper	97.0	64¼–23	64¼	3.12	20.8	0.40	1.80	2.8	52.53	0.81
489	617	Kentucky Utilities	79.2	29⅞–14⅛	28	2.95	9.5	0.98	2.44	8.7	23.42	0.84
661	642	Kerr Glass Mfg	24.7	21¼– 9⅛	12	–0.75	def	0.17	0.44	3.7	14.59	1.22
772	809	Kerr-McGee	–10.4	43¼–22½	35⅜	1.40	25.3	0.55	1.10	3.1	32.97	0.93
137	NR	KeyCorp	246.9	33 – 8	32⅜	3.79	8.5	0.75	1.30	4.0	22.18	0.68
581	480	Kidde	50.2	37½–17	33⅞	3.58	9.5	0.30	1.20	3.5	29.86	0.88
274	249	Kimberly-Clark	146.5	66⅜–26⅛	65⅜	5.82	11.3	0.76	2.32	3.5	34.40	0.52
NR	NR	KN Energy	NA	17 –13½	16¼	1.67	9.7	0.34	1.48	9.1	14.40	0.89
235	285	Knight-Ridder	170.8	40¾–13½	37¾	2.19	17.2	1.23	0.76	2.0	14.17	0.38
827	865	Koppers	–24.5	27⅞–11¼	18⅞	–0.11	def	0.29	0.80	4.2	19.82	1.05
363	316	Kroger	116.1	48¾–19¼	47	4.03	11.7	0.13	2.00	4.3	25.48	0.54
318	234	Laclede Gas	130.7	29⅜– 8¼	27¼	3.28	8.3	0.39	1.90	7.0	18.24	0.67
NR	NR	Lafarge	NA	12⅞– 6¾	7½	0.03	NM	0.30	0.20	2.7	9.51	1.27
670	354	Lear Siegler	22.7	57¾–20⅛	49¼	5.14	9.6	0.38	2.00	4.1	34.06	0.69
699	649	Leaseway Transport	12.7	47⅝–23¾	33¼	2.21	15.0	0.26	1.50	4.5	25.31	0.76
424	343	Libbey-Owens-Ford	97.8	50⅞–19⅝	45¼	5.85	7.7	0.33	1.40	3.1	41.36	0.91
234	404	Life Investors	171.5	48 –16⅞	47¼	3.75	12.6	0.55	0.24	0.5	35.06	0.74
567	756	Eli Lilly	55.7	100¼–45⅛	99¼	7.23	13.7	2.14	3.20	3.2	31.04	0.31
3	1	Limited	2,074.7	31⅞– 1⅜	30¼	1.02	29.7	1.78	0.16	0.5	2.31	0.08
257	379	Lincoln National	153.2	54⅜–16⅞	50⅛	4.04	12.5	0.45	2.00	4.0	36.39	0.72
788	836	Liquid Air	–14.3	29¼–14¼	25½	2.36	10.8	0.60	1.60	6.3	21.77	0.85
752	475	Litton Industries	–3.6	93½–34⅛	80¼	7.27	11.1	0.47	none	0.0	34.17	0.42
84	78	Lockheed	338.8	58 – 8½	49	5.79	8.5	0.34	0.80	1.6	17.82	0.36
76	88	Loews	352.5	54⅛– 9¼	50	6.75	7.4	0.69	1.00	2.0	24.63	0.49
740	837	Lone Star Industries	0.4	37¼–17⅝	32¼	5.00	6.5	0.45	1.90	5.9	33.65	1.04
884	909	Long Island Lighting	–48.2	18 – 3¼	7⅛	3.71	2.0	0.39	none	0.0	22.04	3.04
469	482	Longs Drug Stores	88.1	31⅛–12⅜	29⅝	1.93	15.4	0.44	0.72	2.4	12.23	0.41
804	856	Longview Fibre	–18.3	40 –14½	25¾	1.48	17.4	0.61	1.40	5.4	18.70	0.73
549	NR	Loral	60.7	37¼–11½	34¾	1.97	17.6	1.45	0.52	1.5	11.14	0.32
NR	NR	Louisiana Land	NA‡	38 –22¼	36¼	3.39	10.8	0.87	1.00	2.7	21.31	0.58
720	763	Louisiana-Pacific	6.3	34⅛–12¾	22	0.59	37.3	0.63	0.80	3.6	21.07	0.96
507	579	Louisville G&E	74.4	32¼–16	29	3.42	8.5	0.82	2.52	8.7	24.36	0.84
197	98	Lowe's Cos	203.0	32⅛– 6¼	22⅞	1.68	13.6	0.44	0.36	1.6	9.42	0.41
917	623	LTV	–69.7†	26⅛– 5¼	6⅛	–12.05	def	0.06	none	0.0	13.68	2.23
850	843	Lubrizol	–33.3	35⅛–14¼	22	1.54	14.3	1.00	1.16	5.3	12.13	0.55
519	728	Lucky Stores	68.6	25½–12¼	25½	2.11	12.1	0.14	1.16	4.5	12.04	0.47
691	812	Lukens	15.7	17½– 8¾	14¾	0.94	15.7	0.18	0.48	3.3	24.36	1.65
901	416	M/A-Com	–58.8	35½–11⅞	13¼	0.92	14.4	0.68	0.24	1.8	9.85	0.74
NR	NR	Mack Trucks	NA	22⅛– 9⅛	10½	–1.42	def	0.15	none	0.0	19.12	1.82
39	132	Macmillan	463.2	38¾– 5⅛	36⅞	1.84	20.0	1.32	0.55	1.5	9.07	0.25
90	95	RH Macy	328.8	65¼–13⅞	60¾	3.69	16.5	0.71	1.16	1.9	25.45	0.42
27	73	Magic Chef	582.9	54¼– 7½	54⅝	5.45	10.0	0.50	1.12	2.1	29.77	0.54
260	143	Manhattan Industries	151.8	24⅞– 5¼	14¼	–3.50	def	0.13	0.20	1.4	16.68	1.13
663	781	Manufacturers Hanover	24.4	51 –22½	40¾	8.22	5.0	0.19	3.20	7.9	64.35	1.58
139	393	Manufacturers Natl	244.4	38¾– 7	38¾	4.44	8.7	0.64	1.24	3.2	31.20	0.81
930	938	Manville	–77.8	26½– 4¼	5½	–3.03	def	0.07	none	0.0	34.73	6.31
793	869	Mapco	–15.0	44⅞–20½	36⅛	4.40	8.2	0.55	1.00	2.8	24.72	0.68
411	554	Marine Midland Banks	100.7	38½–13⅜	35⅛	4.72	7.4	0.27	1.80	5.1	52.88	1.51
173	57	Marriott	219.5	105¼–29¾	104⅝	5.87	17.8	0.69	0.64	0.6	26.22	0.25
319	496	Marsh & McLennan	130.5	81 –29⅜	79¼	4.19	18.9	2.25	2.70	3.4	10.21	0.13
308	101	Marsh Supermarkets	134.6	20½– 6⅛	15¼	1.46	10.4	0.09	0.52	3.4	12.75	0.84
553	289	Martin Marietta	60.3	44⅜– 9⅞	34½	4.07	8.5	0.47	1.00	2.9	10.76	0.31

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
152	185	Maryland National	233.0%	37¼– 9½	34⅛	$3.83	8.9	0.71	$1.00	2.9%	$22.71	0.67
289	278	Masco	141.2†	37¼–13½	36⅜	2.23	16.4	2.34	0.64	1.7	13.21	0.36
NR	NR	Masco Industries	NA	26½– 5⅞	19¾	1.36	14.5	0.70	none	0.0	6.55	0.33
856	939	Massey-Ferguson	–36.5	6¾– 1⅝	2⅜	–0.23	def	0.18	none	0.0	–1.13	NE
696	465	Mattel	14.0	31½– 4⅞	12¼	1.11	11.0	0.40	none	0.0	1.44	0.12
159	208	May Dept Stores	230.4	60½–15⅜	58⅜	5.17	11.3	0.50	1.88	3.2	29.93	0.51
216	360	Maytag	188.7	73⅞–22¼	70	5.24	13.4	1.40	3.55	5.1	16.87	0.24
158	495	MCA	230.5	54⅞–12⅝	52¼	1.59	33.2	1.99	0.68	1.3	16.74	0.32
431	431	McCormick	96.6	38⅛–16⅜	36⅜	2.22	16.4	0.52	0.88	2.4	20.01	0.55
890	785	McDermott Intl	–51.2	41⅞–14¾	20	–0.19	def	0.23	1.80	9.0	32.57	1.63
147	179	McDonald's	239.2	75¼–21½	73½	4.82	15.2	1.76	0.90	1.2	21.94	0.30
598	358	McDonnell Douglas	44.3	87 –22½	71¼	8.52	8.4	0.26	1.84	2.6	58.55	0.82
426	154	McGraw-Hill	97.3	53⅞–19¾	45⅝	2.92	15.6	1.56	1.40	3.1	13.85	0.30
179	33	MCI Communications	213.3	28½– 2¾	10⅜	0.50	20.8	1.04	none	0.0	5.11	0.49
535	493	McKesson	63.9	51⅞–29	51⅜	3.76	13.7	0.19	2.40	4.6	30.15	0.58
NR	NR	McLean Industries	NA	15½– 7⅝	8⅞	–0.33	def	0.30	none	0.0	8.77	0.99
794	634	MCorp	–15.2	36⅜–16⅝	20	3.13	6.4	0.38	1.40	7.0	25.01	1.25
569	557	Mead	54.8	44¾–13½	40¼	3.35	12.0	0.46	1.20	3.0	31.44	0.78
214	236	Media General	190.3	86¾–29⅛	85⅛	4.78	17.9	1.06	1.16	1.4	39.84	0.47
100	18	MEI	306.7	42½– 9⅛	38⅛	2.49	15.3	0.81	0.50	1.3	12.19	0.32
563	470	Mellon Bank	57.9	56½–27½	50⅛	7.09	7.1	0.41	2.68	5.3	56.29	1.12
217	163	Melville	187.1	50¾–17⅜	49⅞	3.67	13.6	0.58	1.44	2.9	18.06	0.36
337	349	Mercantile Bancorp	123.6	39⅞–16½	39½	4.93	8.0	0.64	1.92	4.9	38.09	0.96
55	90	Mercantile Stores	405.5	75½–13⅝	68¾	6.03	11.4	0.57	1.30	1.9	40.33	0.59
589	677	Merck	48.5	126 –64	125⅞	7.25	17.4	2.55	3.60	2.9	35.29	0.28
129	48	Meredith	264.4	80 –15¾	66½	5.11	13.0	1.32	1.00	1.5	27.96	0.42
NR	NR	Meridian Bancorp	NA	40⅛–18⅞	39⅞	4.65	8.6	0.76	1.80	4.5	26.91	0.67
490	147	Merrill Lynch	79.1	56½–10½	33¼	1.95	17.1	0.50	0.80	2.4	21.64	0.65
374	539	MGM Grand Hotels	112.5	18⅜– 5½	17	0.50	34.0	1.09	0.44	2.6	–0.30	NE
232	611	MGM/UA Entertainment	172.0	27 – 5	25½	–2.33	def	1.93	0 20	0.8	7.86	0.31
377	783	Michigan National	111.3	32 – 9¾	31½	2.36	13.3	0.50	0.60	1.9	28.84	0.92
435	568	MidCon	95.5††	62½–19⅜	53¾	–2.81	det	0.40	2.44	4.5	38.49	0.72
795	761	Middle South Utils	–15.2	16¾– 8⅛	9¾	2.58	3.8	0.62	none	0.0	18.36	1.88
838	882	Midland-Ross	–28.4	29½–11¾	17	–3.22	def	0.32	1.00	5.9	12.91	0.76
99	188	Midlantic Banks	306.8	42⅜– 9⅞	42⅜	4.64	9.1	1.02	1.24	2.9	24.27	0.57
134	NR	Herman Miller	255.1	27⅞– 4¾	21¾	1.65	13.2	1.06	0.44	2.0	6.89	0.32
610	457	Minn Mining & Mfg	40.7	90½–48	83	5.92	14.0	1.22	3.50	4.2	32.80	0.40
6	NR	Minstar	1,670.8	27¾– ⅜	23¼	0.98	23.7	0.49	none	0.0	7.27	0.31
933	931	Mission Insurance	–83.3	41 – 1⅛	3⅜	–15.13	def	0.09	none	0.0	0.71	0.19
905	529	Mitchell Energy	–61.1	42½– 9½	15¼	0.49	31.1	0.86	0.24	1.6	11.31	0.74
814	753	Mobil	–21.0	41⅛–19½	31⅞	2.20	14.5	0.24	2.20	6.9	33.42	1.05
209	235	Mohasco	194.1	33⅜– 9¼	30⅞	2.63	11.7	0.25	0.48	1.6	32.60	1.06
205	NR	Monarch Capital	197.1	53⅞–17	52	3.55	14.6	0.42	none	0.0	35.36	0.68
40	232	Monfort of Colorado	460.0	25¾– 4	24½	3.31	7.4	0.07	0.45	1.8	18.21	0.74
643	501	Monsanto	30.8	58¼–28¼	44⅞	3.69	12.2	0.52	2.50	5.6	46.42	1.03
734	643	Montana Power	4.2	36⅜–16⅝	30⅞	2.63	11.7	1.19	2.00	6.5	26.88	0.87
485	507	Moore Corp	80.7	21⅞– 8½	20⅜	1.58	13.1	0.91	0.72	3.5	8.97	0.43
829	866	Moore McCormack	–25.0	39⅞–11⅝	25½	1.88	13.4	0.39	1.04	4.1	38.58	1.53
338	456	JP Morgan	122.8	57⅞–22⅞	57½	7.81	7.4	0.75	2.45	4.3	41.71	0.73
745	411	Morrison-Knudsen	–1.9	47 –15¾	44½	4.11	10.8	0.22	0.70	1.6	35.37	0.79
757	565	Morse Shoe	–4.5	39¾–10	21¼	1.48	14.4	0.22	0.80	3.8	24.03	1.13
92	202	Morton Thiokol	319.2	38 – 8¾	36½	4.06	9.0	0.93	0.70	1.9	15.00	0.41
593	313	Motorola	46.4	50 –16½	35⅛	1.30	27.4	0.77	0.64	1.8	19.18	0.54
89	59	Munford	330.4	26⅞– 3⅞	18¾	1.51	12.4	0.16	0.54	2.9	14.18	0.76
854	755	Murphy Oil	–36.0	51½–15½	32	2.34	13.7	0.52	1.00	3.1	27.61	0.86
756	552	Nalco Chemical	–4.3	37 –16	24¾	1.85	13.4	1.46	1.20	4.8	9.00	0.36
149	338	Nash Finch	236.1	30¾– 8⅛	30¼	2.36	12.8	0.12	1.01	3.3	19.68	0.65
689	810	Nashua	16.1	30⅛– 8½	28	3.12	9.0	0.22	none	0.0	26.25	0.94
361	686	National City	116.7	50¾–15½	49⅛	6.34	7.7	0.55	2.25	4.6	38.39	0.78
222	71	Natl Convenience	181.2	18½– 3¼	10½	0.51	20.6	0.25	0.36	3.4	4.10	0.39
657	806	National Distillers	25.4	35⅛–18⅞	33⅛	1.42	23.5	0.53	2.20	6.6	29.91	0.90
408	268	National Fuel Gas	102.0	30½–11¼	28	3.80	7.4	0.34	2.08	7.4	25.19	0.90
199	443	National Gypsum	201.7	46 –10⅞	44	5.24	8.4	0.59	1.52	3.5	23.67	0.54

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ††Four-year price change. NE: Negative equity. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
717	762	National Intergroup	7.0%	37⅞–13⅞	26⅞	$–0.88	def	0.51	$0.25	0.9%	$41.24	1.53
577	156	National Medical	52.0	32⅞– 9¼	22½	1.97	11.4	0.65	0.56	2.5	12.36	0.55
760	491	Natl Semiconductor	–5.9	20 – 4¾	12⅜	–0.57	def	0.67	none	0.0	7.64	0.60
133	157	National Service	256.3	36¼– 9⅞	36¼	2.75	13.4	0.76	1.09	3.0	15.18	0.41
715	861	National-Standard	7.4	18 – 7⅛	14⅛	0.26	56.3	0.23	0.40	2.7	22.56	1.54
194	448	NBD Bancorp	204.1	38⅛– 9⅞	37¼	4.64	8.0	0.61	1.40	3.8	36.10	0.97
184	213	NCNB	211.1	44⅛–11¼	42	4.59	9.2	0.74	1.52	3.6	26.26	0.63
410	516	NCR	101.3	38¼– 9⅜	37¾	3.03	12.5	0.89	0.88	2.3	20.83	0.55
328	452	New England Electric	126.7	47 –18¾	46¾	6.43	7.3	0.85	3.84	8.2	34.88	0.75
505	594	NY State E&G	74.8	29¼–13⅜	26	3.46	7.5	1.13	2.56	9.8	23.71	0.91
93	47	New York Times	319.1	49¼– 8⅞	47½	2.85	16.7	1.41	0.60	1.3	12.18	0.26
747	766	Newmont Mining	–2.2	79¼–27⅝	45½	0.88	51.7	1.98	1.00	2.2	48.85	1.07
504	605	Niagara Mohawk Power	75.3	21⅞–10¼	19½	2.68	7.3	0.89	2.08	10.7	18.89	0.97
840	844	Nicor	–28.7	45½–24¼	27⅞	–6.91	def	0.33	3.04	10.9	21.32	0.76
642	890	NIKE	31.0	28 – 6⅜	13¾	0.70	19.6	0.52	0.40	2.9	7.27	0.53
912	878	NL Industries	–66.0	48⅜– 9⅛	13	–2.24	def	0.58	0.20	1.5	12.35	0.95
70	120	Nordstrom	357.8	52⅛– 9⅞	51½	2.45	21.0	0.85	0.44	0.9	14.61	0.28
629	NR	Norfolk Southern	35.4‡‡	74⅛–40¼	74⅛	7.76	9.6	1.29	3.40	4.6	71.07	0.96
203	299	Norstar Bancorp	198.8	26½– 8⅞	26¼	2.46	10.6	1.03	1.28	4.9	16.57	0.63
441	608	North American Coal	93.9	66⅞–20¼	66⅞	7.84	8.5	0.43	1.10	1.6	40.44	0.60
446	170	North Amer Philips	92.8	45¼–15	36¼	3.34	11.0	0.25	1.00	2.7	34.31	0.93
359	497	Northeast Utilities	117.3	18 – 7⅛	17⅜	2.84	6.1	0.89	1.58	9.1	15.07	0.87
811	765	No Indiana Pub Svc	–19.6	15½– 8⅜	9¼	1.04	8.9	0.35	none	0.0	15.32	1.66
309	372	No States Power	134.3	51⅞–20	50⅜	5.55	9.1	0.89	3.52	7.0	36.83	0.73
267	347	Northern Trust	148.9	82¼–32¼	82¼	5.02	16.5	0.56	2.72	3.3	71.78	0.87
323	184	Northrop	128.7	56⅜–11	46⅛	5.22	8.8	0.46	1.20	2.6	15.72	0.34
427	464	N'western Natl Life	97.2	36½– 9¼	26¼	1.22	21.5	0.20	0.80	3.0	27.41	1.04
853	920	Northwestern Steel	–35.7	29¼– 8	13¾	–5.44	def	0.40	none	0.0	20.24	1.47
868	735	Norton	–40.2	62 –23¾	35⅞	2.64	13.6	0.60	2.00	5.6	31.54	0.88
750	801	Norwest	–3.4	39½–17	27⅞	3.38	8.2	0.32	1.80	6.5	35.66	1.28
623	513	Nucor	37.4	49⅛–17	48	3.98	12.1	0.92	0.40	0.8	21.16	0.44
936	942	NVF	–86.0	4¼– ½	½	–1.41	def	0.04	none	0.0	–0.61	NE
371	619	NWA	113.2	59½–22¼	50⅜	3.24	15.6	0.42	0.90	1.8	41.05	0.81
NR	NR	Nynex	NA	92⅛–58⅜	91⅛	10.74	8.5	0.91	6.40	7.0	78.15	0.86
942	950	Oak Industries	–90.9	38½– 1⅛	2⅛	–7.43	def	0.19	none	0.0	–3.59	NE
739	725	Occidental Petroleum	2.2	35¼–17	35⅜	3.33	10.6	0.26	2.50	7.1	26.16	0.74
707	694	Ogden	10.1	39⅞–17½	34	1.54	22.1	0.50	1.80	5.3	18.39	0.54
355	708	Ohio Casualty	117.9	73¼–30½	73	2.85	25.6	0.74	2.80	3.8	44.44	0.61
618	768	Ohio Edison	37.9	16⅜– 9⅜	16⅜	2.43	6.7	1.26	1.88	11.5	15.93	0.97
450	459	Oklahoma G&E	92.2	26⅛–12	24½	2.30	10.7	0.96	2.08	8.5	18.52	0.76
161	315	Old Republic Intl	228.9	41¼– 9⅜	34⅜	3.38	10.2	0.54	0.74	2.2	26.07	0.76
483	426	Olin	82.5	37⅜–15½	36½	–7.02	def	0.45	1.50	4.1	37.87	1.04
798	709	Oneok	–16.6	41 –23¼	31½	2.80	11.3	0.40	2.56	8.1	29.41	0.93
357	390	Orange & Rockland	117.4	29 –11⅜	26⅜	2.71	9.8	0.65	2.14	8.0	20.51	0.77
83	128	Outboard Marine	340.5	31½– 5⅞	25⅞	1.74	14.9	0.50	0.64	2.5	21.79	0.84
637	730	Owens-Corning	31.8	46⅞–15⅜	35¼	4.08	8.6	0.34	1.40	4.0	28.48	0.81
378	337	Owens-Illinois	110.8	54½–20⅞	53¾	5.12	10.5	0.43	1.80	3.3	47.48	0.88
64	36	Oxford Industries	378.2	25⅞– 3	14½	0.46	31.5	0.30	0.44	3.0	11.10	0.77
646	407	Paccar	29.0	59½–26¼	41½	4.85	8.6	0.39	1.20	2.9	37.77	0.91
697	757	Pacific Gamble	13.8	25¼–15⅛	20½	0.62	33.1	0.05	0.60	2.9	27.15	1.32
470	556	Pacific G&E	87.8	20¼– 9¼	19¼	2.71	7.1	0.75	1.84	9.6	17.18	0.89
390	415	Pacific Lighting	107.4	46¼–19⅞	45⅞	3.54	12.9	0.36	3.48	7.6	34.85	0.76
735	833	Pacific Resources	3.3	14⅛– 5⅜	10⅜	0.93	11.4	0.11	none	0.0	7.96	0.75
NR	NR	Pacific Telesis	NA	82¼–51¼	78¼	9.17	8.5	1.00	5.72	7.3	64.80	0.83
615	587	PacifiCorp	39.1	31⅛–16	29⅛	3.61	8.1	0.98	2.40	8.2	22.47	0.76
420	45	Paine Webber Group	98.2	61⅜– 9¼	33⅜	1.70	19.8	0.30	0.60	1.8	19.88	0.59
415	205	Palm Beach	100.0	39 –13⅛	35½	0.60	59.2	0.32	none	0.0	26.19	0.74
468	846	Pan Am	88.2	9¼– 2⅛	8	–2.65	def	0.24	none	0.0	2.17	0.27
812	641	Panhandle Eastern	–20.0	46⅛–20½	35⅞	2.94	12.2	0.54	2.30	6.4	37.53	1.05
297	451	Pantry Pride	138.7	9⅜– 2⅛	9¼	–0.30	def	1.04	none	0.0	3.67	0.40
935	935	Parker Drilling	–86.0	36¼– 4	4⅞	–2.12	def	0.56	0.08	1.6	9.81	2.01
526	391	Parker-Hannifin	65.6	39½–14⅞	35⅞	2.96	12.1	0.67	1.12	3.1	20.84	0.58
694	743	Parker Pen	15.0	23⅜–10½	22⅞	0.69	33.2	0.43	none	0.0	6.70	0.29

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡‡Three-year price change. NE: Negative equity. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
301	303	Payless Cashways	137.4%	34½– 6¼	15⅞	$1.09	14.6	0.41	$0.16	1.0%	$ 7.96	0.50
409	145	Penn Central	102.0	58⅜–20⅛	51½	3.05	16.9	0.78	none	0.0	40.45	0.79
464	627	Penn Traffic	88.9	26½–11⅜	25½	2.30	11.1	0.10	1.20	4.7	26.08	1.02
320	320	JC Penney	129.8	67⅞–21½	54	5.20	10.4	0.30	2.36	4.4	51.26	0.95
497	581	Pennsylvania P&L	76.8	27⅞–14¼	27⅛	2.82	9.8	1.12	2.56	9.3	25.46	0.92
614	699	Pennwalt	39.9	45¼–21½	39	–1.47	def	0.39	2.20	5.6	35.91	0.92
666	786	Pennzoil	23.1‡	65½–26⅝	62	2.25	27.6	1.15	2.20	3.5	21.38	0.34
176	NR	Pentair	217.0	31⅛– 8	28	2.75	10.2	0.40	0.68	2.4	15.36	0.55
243	NR	People Express	162.6	23½– 3¼	9¼	–0.40	def	0.25	0.05	0.5	7.05	0.76
322	366	Peoples Energy	129.8††	18⅞– 7	18⅜	2.35	7.8	0.36	1.20	6.5	11.88	0.65
283	395	PepsiCo	143.1	67⅞–27	66¼	5.76	11.5	0.77	1.78	2.7	19.74	0.30
NR	NR	Perini	NA	30 –23	26¼	–6.83	def	0.10	0.80	3.0	32.60	1.22
800	663	Perkin-Elmer	–16.9	37½–17	28⅞	1.77	16.3	0.97	0.60	2.1	13.95	0.48
224	408	Petrie Stores	179.4	48⅜–16⅛	47½	2.81	16.9	0.91	1.40	2.9	15.30	0.32
465	326	Pfizer	88.8	53⅜–20	50½	3.39	14.9	2.10	1.48	2.9	15.45	0.31
879	919	Phelps Dodge	–45.5	48½–12⅞	20½	–8.84	def	0.63	none	0.0	28.98	1.41
559	238	PHH Group	59.0	47 –17¼	33	2.62	12.6	0.67	1.00	3.0	15.02	0.46
150	226	Phibro-Salomon	233.7††	46¾–10	43⅜	1.98	21.9	0.23	0.54	1.2	16.62	0.38
655	747	Philadelphia Electric	26.0	18⅜– 9	15¾	2.54	6.2	0.90	2.20	14.0	17.81	1.13
502	254	Philip Morris Cos	75.7	95⅛–42	76	8.95	8.5	0.88	4.00	5.3	33.72	0.44
849	805	Phillips Petroleum	–33.0	19⅞– 7⅛	13⅛	1.18	11.1	0.19	1.00	7.6	14.28	1.09
46	94	Phillips-Van Heusen	433.3	30⅛– 5½	29	2.10	13.8	0.30	0.40	1.4	22.58	0.78
177	204	Piedmont Aviation	216.6	35⅛– 9½	33¼	4.15	8.0	0.38	0.28	0.8	26.51	0.80
175	207	Pillsbury	217.3	63½–17¼	59½	4.50	13.2	0.53	1.72	2.9	26.86	0.45
826	509	Pioneer	–24.5†‡	34 –11⅜	22⅜	2.02	11.1	1.68	1.24	5.5	12.01	0.54
521	239	Pioneer Hi-Bred Intl	67.1	37½–18¼	33	3.21	10.3	1.28	1.04	3.2	12.33	0.37
240	262	Pitney Bowes	165.5	45⅞–10¾	45⅛	3.69	12.2	0.92	1.20	2.7	17.75	0.39
888	922	Pittston	–50.5	34¾– 9⅜	12⅜	–0.68	def	0.40	none	0.0	13.23	1.05
434	NR	Pittway	96.2	77 –38½	76½	6.43	11.9	0.67	1.80	2.4	51.25	0.67
NR	NR	PNC Financial	NA	33½–15⅞	33½	3.82	8.8	0.91	1.32	3.9	20.50	0.61
575	787	Polaroid	52.5	39⅛–16¼	38⅛	0.68	56.1	0.95	1.00	2.6	29.60	0.78
349	NR	Ponderosa	119.7	25¼– 6¾	15⅜	0.10	NM	0.30	0.40	2.6	14.99	0.97
473	636	Portland Genl Electric	87.1	21⅞–11	21¼	2.45	8.9	1.22	1.90	8.7	19.05	0.88
742	784	Potlatch	–0.3	49¼–19	37⅜	2.51	15.0	0.60	1.56	4.1	36.65	0.97
245	280	Potomac Electric	161.7	34 –11⅞	32⅜	3.48	9.3	1.17	2.16	6.7	19.95	0.62
282	224	PPG Industries	144.2	51⅜–14½	49¾	4.48	11.1	0.68	1.76	3.5	28.81	0.58
2	NR	Price Co	2,357.1	66 – 2⅜	64½	2.03	31.8	0.78	none	0.0	4.50	0.07
641	296	Primark	31.1††	21⅜– 7	20¾	2.55	8.1	0.22	1.10	5.3	20.06	0.97
834	261	Prime Computer	–26.4	32⅞–10½	20¼	1.15	17.6	1.32	none	0.0	6.77	0.33
438	481	Procter & Gamble	94.6	67½–32⅛	67	3.95	17.0	0.82	2.60	3.9	31.49	0.47
315	423	Provident Life & Acc	132.3	27 – 9⅞	26⅛	2.87	9.1	0.60	0.76	2.9	21.08	0.81
810	796	PSA	–19.4	42½–15	25½	2.37	10.8	0.18	0.60	2.4	29.83	1.17
NR	NR	PSFS	NA	12⅜– 6⅞	11	0.85	12.9	0.23	none	0.0	25.49	2.32
609	580	Public Service Colo	41.3	24¼–12¾	20⅛	2.19	9.2	0.60	2.00	9.9	17.31	0.86
906	934	Public Service Ind	–63.0	27½– 6⅞	7⅜	0.95	8.0	0.45	1.00	13.1	27.37	3.59
882	NR	Public Service NH	–46.1	20 – 3½	7¾	2.62	3.0	0.56	none	0.0	23.50	3.03
476	607	Public Service E&G	85.3	32½–16½	31½	3.90	8.1	0.90	2.84	9.0	27.81	0.88
81	84	Pueblo International	341.4	16⅛– 3¼	16	0.87	18.4	0.11	0.16	1.0	12.54	0.78
660	820	Puget Sound P&L	25.0	17 – 9¼	15	2.04	7.4	1.06	1.76	11.7	15.42	1.03
91	4	Pulte Home	319.4	37½– 2½	13½	0.87	15.5	0.41	0.12	0.9	6.31	0.47
815	564	Purolator Courier	–21.1	70 –16¼	17⅜	–1.74	def	0.17	none	0.0	28.19	1.60
115	196	Quaker Oats	283.6	63 –15	58½	3.83	15.3	0.69	1.40	2.4	19.52	0.33
688	723	Quaker State Oil	16.2	25 – 9⅞	23⅜	1.25	18.7	0.55	0.80	3.4	12.29	0.53
653	279	Questar	27.2	34⅛–12½	30⅜	2.78	10.9	0.81	1.72	5.7	21.88	0.72
248	413	Rainier Bancorp	158.5	33½– 8⅝	32⅝	3.16	10.3	0.80	1.00	3.1	22.55	0.69
80	139	Ralston Purina	345.2	49 –10	46¼	3.15	14.8	0.64	1.00	2.1	11.55	0.25
706	863	Ramada Inns	10.2	12½– 4¼	8⅛	0.26	31.3	0.51	none	0.0	6.69	0.82
693	739	Raychem	15.5	93 –37	85½	3.13	27.3	1.33	0.44	0.5	32.60	0.38
767	681	Raytheon	–9.1	57½–28¼	50	4.41	11.3	0.67	1.60	3.2	23.46	0.47
532	468	RCA	64.3	49⅞–15¾	48¼	4.06	11.9	0.47	1.04	2.2	24.10	0.50
934	885	Reading & Bates	–84.8	36¼– 5⅜	5⅜	–1.02	def	0.53	0.04	0.7	15.69	2.92
242	186	Reichhold Chemicals	164.3	43¼–10	31⅜	2.22	14.1	0.29	0.80	2.5	28.37	0.90
551	839	Republic Airlines	60.5	11⅜– 2⅞	9⅛	1.55	6.2	0.18	none	0.0	0.28	0.03

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
525	158	Republic New York	65.7%	51¼–22⅜	50¼	$5.71	8.9	0.71	$1.64	3.2%	$39.33	0.77
700	652	RepublicBank	12.5	38¼–21½	31⅞	4.84	6.6	0.40	1.64	5.1	36.74	1.15
538	777	Research-Cottrell	62.9	25⅛– 9¾	25¼	–4.75	def	0.31	0.32	1.3	23.84	0.94
493	666	Resorts Intl	77.3‡	53¼–12½	45	–1.14	def	0.67	none	0.0	20.89	0.46
413	251	Revco DS	100.6	37½–13⅛	26¾	0.91	29.4	0.35	0.80	3.0	12.48	0.47
817	831	Revere Copper	–22.3	25⅜– 4¾	12⅝	4.88	2.6	0.15	none	0.0	7.42	0.59
681	853	Revlon	19.5	58 –22⅞	57⅜	3.11	18.5	0.92	1.84	3.2	26.35	0.46
816	815	Rexnord	–21.2	20¾– 8½	14⅛	1.49	9.7	0.33	0.44	3.1	18.59	1.29
583	310	RJ Reynolds Inds	50.0†	35 –16	27⅜	4.27	6.4	0.59	1.48	5.4	17.34	0.63
748	773	Reynolds Metals	–2.5	41⅝–18¾	34⅜	–12.06	def	0.21	1.00	2.9	60.51	1.76
362	NR	Riggs National	116.5	63 –18½	52½	5.05	10.4	0.65	2.00	3.8	38.32	0.73
335	74	Rite Aid	124.7	33½– 7⅞	24⅝	1.58	15.6	0.67	0.50	2.0	8.58	0.35
676	NR	RLC	20.8‡‡	12¼– 3⅞	7¼	0.33	22.0	0.34	0.20	2.8	5.92	0.82
484	276	Roadway Services	81.6	37⅜–15¼	32	2.11	15.2	0.83	1.10	3.4	14.49	0.45
208	192	Robertshaw Controls	194.9	36⅝–10½	35⅞	4.34	8.3	0.48	1.20	3.3	25.30	0.71
702	203	HH Robertson	11.5	48½–19⅜	23	–1.80	def	0.21	none	0.0	28.81	1.25
778	242	AH Robins	–12.0	29⅜– 5½	11	–17.40	def	0.39	none	0.0	–5.23	NE
429	603	Rochester G&E	97.0	24⅞–10	22¾	3.81	6.0	0.84	2.20	9.7	22.78	1.00
561	211	Rockwell Intl	58.4	41¾–11¾	35⅝	4.00	8.9	0.47	1.12	3.1	16.66	0.47
202	209	Rohm & Haas	199.7	81 –22¾	69½	5.96	11.7	0.79	2.20	3.2	38.97	0.56
85	146	Rohr Industries	338.7	35 – 4	29⅛	2.89	10.1	0.83	none	0.0	15.15	0.52
NR	NR	Rollins	NA	13⅛– 6⅞	13	0.71	18.3	1.05	0.46	3.5	1.26	0.10
250	136	Roper Corp	158.0	29⅛– 4⅞	15	–0.66	def	0.15	0.64	4.3	14.76	0.98
360	430	Rorer Group	117.2	47 –16⅛	39⅝	2.04	19.4	1.55	1.12	2.8	11.07	0.28
35	5	Rose's Stores	490.1	26 – 2½	20	1.99	10.1	0.21	0.38	1.9	14.04	0.70
43	NR	Rubbermaid	436.8	32⅞– 5⅞	32⅞	1.54	21.4	1.85	0.48	1.5	7.07	0.22
305	75	Ruddick	136.0	34 –10⅞	26¼	2.60	10.1	0.13	0.77	2.9	21.05	0.80
725	718	Ryan Homes	5.5	50 –12	26¼	3.02	8.7	0.32	1.20	4.6	19.55	0.74
239	210	Ryder System	165.6	32⅜–10⅝	32	2.51	12.7	0.57	0.60	1.9	16.26	0.51
154	162	Rykoff-Sexton	231.5	29⅛– 6⅜	21⅞	1.77	12.4	0.18	0.60	2.7	12.39	0.57
259	478	Safeco	151.9	46⅛–14⅞	45½	2.74	16.6	0.72	1.60	3.5	28.80	0.63
294	530	Safeway Stores	139.3	37⅞–12⅛	36½	4.03	9.1	0.11	1.70	4.7	24.54	0.67
36	15	Saga	488.2	40¼– 4¼	25	1.96	12.8	0.24	0.52	2.1	14.48	0.58
403	690	St Paul Cos	103.9	82⅛–35¼	79	–5.09	def	0.62	3.00	3.8	48.33	0.61
329	445	San Diego G&E	126.6	28⅛–11	26⅝	3.09	8.6	0.86	2.24	8.4	19.48	0.73
709	297	Sanders Associates	9.6	60¾–17⅞	34¼	1.92	17.8	0.75	0.60	1.8	18.07	0.53
NR	NR	Santa Fe Southern	NA	36⅝–20¼	35½	2.45	14.5	0.96	1.00	2.8	32.21	0.91
94	201	Sara Lee	314.6	50½–11¾	49¾	3.69	13.5	0.33	1.60	3.2	19.30	0.39
28	40	Savannah Foods	581.7	31½– 4⅝	30¼	2.40	12.6	0.33	0.93	3.1	14.51	0.48
909	925	Savin	–65.3	15¼– 3⅜	5¼	–3.15	def	0.24	none	0.0	3.54	0.67
460	540	Scana	89.5	28⅛–12½	27	2.81	9.6	0.96	2.16	8.0	19.31	0.72
604	640	Schering-Plough	43.2	59½–24⅞	58	3.68	15.8	1.58	1.68	2.9	25.96	0.45
895	794	Schlumberger	–54.5	78½–30	35½	3.50	10.1	1.72	1.20	3.4	23.25	0.65
278	NR	SCI Systems	145.4	30½– 4⅛	12¼	1.03	12.3	0.32	none	0.0	7.17	0.56
191	354	SCM	205.8	74¼–19⅝	73⅜	4.52	16.2	0.33	2.00	2.7	55.76	0.76
193	153	SCOA Industries	204.7‡	33⅞–10¼	32½	2.40	13.2	0.37	0.76	2.3	10.91	0.34
249	200	Scott & Fetzer	158.2	61½–22	59⅛	5.63	10.5	0.57	1.80	3.0	36.76	0.62
350	403	Scott Paper	119.3	45⅞–13⅜	45½	4.23	10.8	0.56	1.24	2.7	32.46	0.71
NR	NR	Sea-Land	NA	27½–14⅜	24⅞	1.72	14.5	0.35	0.48	1.9	33.54	1.35
334	166	Seagram	125.3	44⅞–14½	44⅛	3.07	14.4	1.99	0.80	1.8	33.50	0.76
389	NR	Sealed Power	108.2	32⅜–10⅜	25¼	2.69	9.4	0.52	1.00	4.0	19.38	0.77
266	409	Sears, Roebuck	149.2	45⅛–14⅞	38	3.15	12.1	0.34	1.76	4.6	29.48	0.78
339	523	Seaway Food Town	122.2	18½– 7⅛	17½	1.99	8.8	0.07	0.68	3.9	17.56	1.00
387	255	Security Pacific	108.6	31⅛–10¼	29⅞	4.31	6.9	0.41	1.34	4.5	26.87	0.90
271	381	Service Merchandise	147.6	27 – 4⅛	13	0.50	26.0	0.20	0.08	0.6	9.63	0.74
333	141	ServiceMaster Inds	125.5	30⅞– 9⅞	22⅜	0.98	22.8	0.76	0.80	3.6	2.09	0.09
682	377	Shaklee	19.0	42¼– 7	17¼	0.99	17.4	0.55	0.72	4.2	12.00	0.70
29	NR	Shaw Industries	573.6	26⅞– 3½	24	2.94	8.2	0.39	0.60	2.5	14.39	0.60
238	168	Shawmut	167.4	41⅜–12½	41	5.19	7.9	0.69	1.84	4.5	33.78	0.82
71	125	Sheller-Globe	356.3‡	33½– 6	27⅜	4.15	6.6	0.26	0.90	3.3	22.92	0.84
66	50	Sherwin-Williams	367.6	41⅞– 8	41½	3.16	13.1	0.44	0.92	2.2	17.95	0.43
162	151	Shopwell	226.7	28¼– 3½	11⅞	–0.39	def	0.04	none	0.0	14.38	1.21
165	103	Singer	225.0	41 –11	39	3.77	10.3	0.28	0.40	1.0	19.50	0.50

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue of conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Shares outstanding have declined by 10% or more in the last year. ‡‡Three-year price change. NE: Negative equity. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
738	608	Skyline	2.8%	30¾–11⅜	13¾	$0.80	17.2	0.48	$0.48	3.5%	$10.88	0.79
265	745	AO Smith	149.6	23⅜– 4⅞	22⅞	–3.70	def	0.19	0.80	3.5	21.66	0.95
939	932	Smith International	–87.6	65⅞– 7¼	8	–5.90	def	0.25	0.32	4.0	19.80	2.47
101	781	Smithfield Foods	300.0‡	19½– 4¾	19½	2.11	9.2	0.03	none	0.0	13.39	0.69
763	823	SmithKline Beckman	–7.3	88⅜–50	74⅛	6.41	11.6	1.86	3.00	4.0	26.10	0.35
433	644	Snap-on Tools	96.2	41⅜–16½	39	2.94	13.3	1.37	1.16	3.0	14.65	0.38
207	406	Society	195.7	54 –14¼	51	5.57	9.2	0.63	1.84	3.6	40.63	0.80
733	624	Sonat	4.8	43⅛–19⅞	36¼	3.38	10.9	0.61	2.00	5.4	35.47	0.97
155	214	Sonoco Products	231.4	30½– 8¾	29	2.20	13.2	0.76	0.74	2.6	11.94	0.41
448	384	Southeast Banking	92.4‡	38 –13⅜	38	3.10	12.3	0.58	1.20	3.2	26.59	0.70
449	382	So Calif Edison	92.2	27⅞–11⅜	24⅜	3.25	7.6	1.03	2.16	8.8	19.96	0.81
506	484	Southern Company	74.5	23¼–10⅞	21⅜	3.21	6.7	0.84	2.04	9.5	18.55	0.87
269	325	So New England Tel	148.0	44 –16⅞	42⅜	3.77	11.3	0.99	2.80	6.6	30.05	0.70
767	659	Southern Union	–9.1	32 –14	27½	–3.06	def	0.64	1.72	6.3	17.60	0.64
201	590	Southland	200.0	48¼–13¾	41	4.20	9.8	0.16	1.00	2.4	25.39	0.62
188	NR	Southmark	207.8	11½– 2½	9¼	1.97	4.7	0.61	0.24	2.6	11.12	1.20
287	NR	Southwest Airlines	142.0	35¼– 9½	27⅞	1.75	15.9	1.34	0.13	0.5	12.25	0.44
894	776	Southwest Forest Inds	–53.8	28⅞– 7¼	10¾	–1.31	def	0.14	none	0.0	20.33	1.89
NR	NR	Southwestern Bell	NA	88½–55	79¾	9.95	8.0	1.02	6.00	7.5	70.28	0.88
351	437	Southwestern Pub Svc	118.9	26⅞–10½	24⅝	2.72	9.1	1.20	2.02	8.2	12.99	0.53
NR	NR	Sovran Financial	NA	31½–16⅞	28⅛	3.40	8.3	0.72	1.28	4.6	19.30	0.69
818	855	Sperry	–22.7	65⅛–20½	49	0.58	NM	0.48	1.92	3.9	52.88	1.08
358	412	Springs Industries	117.3	45 –16⅛	37¾	1.73	21.8	0.37	1.52	4.0	50.07	1.33
626	435	Square D	36.2	43⅝–21¾	39½	3.13	12.6	0.83	1.84	4.7	19.17	0.49
252	584	Squibb	155.5	76⅜–26⅝	75⅜	4.03	18.7	2.04	1.76	2.3	24.87	0.33
770	799	Staley Continental	–9.7	33⅝–15⅜	24⅜	0.19	NM	0.26	0.80	3.3	23.48	0.96
432	312	Stanadyne	96.6	30 –10½	28¼	2.96	9.7	0.59	1.08	3.8	19.31	0.67
273	259	Std Commercial Tob	146.9	27 – 7¾	20	2.71	7.4	0.12	0.56	2.8	25.77	1.29
824	780	Standard Oil Ohio	–23.4	72¾–26½	55⅛	5.85	9.4	1.03	2.80	5.1	35.71	0.65
495	668	Stanley Works	77.1	31⅜–12¾	31	2.73	11.4	0.72	1.04	3.4	16.50	0.53
18	16	State Street Boston	690.2	41½– 5	40¾	3.12	13.1	1.29	0.60	1.5	16.21	0.40
NR	NR	Stater Bros	NA	10 – 8¾	9⅜	0.65	14.8	0.05	none	0.0	0.87	0.09
516	589	Sterling Drug	71.4	41⅜–18¼	39	2.46	15.9	1.29	1.20	3.1	15.34	0.39
460	653	JP Stevens	89.5	27⅜–11⅞	27	–0.65	def	0.25	1.20	4.4	30.84	1.14
788	848	Stewart & Stevenson	–14.3	23⅞– 9⅝	15	0.71	21.1	0.26	none	0.0	19.45	1.30
677	621	Stewart-Warner	20.3	36 –20⅛	28⅞	1.40	20.6	0.68	1.68	5.8	25.91	0.90
244	190	Stone Container	161.7	45 –11½	31¾	0.80	39.7	0.36	0.60	1.9	21.62	0.68
32	17	Stop & Shop Cos	541.5	62⅝– 6	39⅛	3.62	10.8	0.16	1.10	2.8	28.28	0.72
945	944	Storage Technology	–91.7	40⅜– 1½	1⅞	–13.42	def	0.10	none	0.0	0.08	0.04
171	441	Storer Communication	220.2	93⅜–19	93¼	–0.69	def	3.04	0.40	0.4	18.16	0.19
26	21	Strawbridge	598.3	40 – 5½	39¾	3.37	11.8	0.38	0.76	1.9	21.07	0.53
NR	NR	Student Loan	NA	38⅛–20⅞	36⅛	2.32	15.8	1.21	0.24	0.7	7.92	0.22
15	7	Subaru of America	748.0	171½–17⅜	159	11.70	13.6	0.72	2.28	1.4	32.64	0.21
498	460	Sun Chemical	76.6	39 –13¼	36½	2.45	14.9	0.33	0.48	1.3	22.91	0.63
732	561	Sun Company	4.9	59⅛–26¼	51⅛	2.19	23.3	0.42	2.30	4.5	45.90	0.90
779	710	Sundstrand	–12.8	58¼–23¼	49¼	3.91	12.6	0.75	1.80	3.7	28.97	0.59
NR	NR	SunTrust Banks	NA	39½–31	39½	3.37	11.7	1.10	1.20	3.0	19.29	0.49
56	77	Super Food Services	401.4	39¼– 6⅜	38½	2.63	14.6	0.09	0.26	0.7	17.95	0.47
192	189	Super Valu Stores	204.7	22¾– 7⅛	22⅜	1.24	18.0	0.23	0.38	1.7	6.34	0.28
50	80	Supermarkets General	424.7	48⅛– 7⅞	47⅞	3.50	13.7	0.17	0.48	1.0	16.14	0.34
406	375	Swift Independent	102.0††	37¾– 8⅞	24¼	–0.98	def	0.04	1.20	4.8	24.91	1.01
638	678	Sybron	31.5	29⅛–14	20⅜	1.10	18.5	0.39	1.08	5.3	16.48	0.81
156	43	Sysco	231.2	44½–13¼	43⅞	2.43	18.1	0.35	0.44	1.0	15.72	0.36
110	421	Talley Industries	290.0	21½– 3⅜	19½	1.42	13.7	0.36	0.20	1.0	12.90	0.66
831	NR	Tandem Computers	–26.0	40¼–12⅞	18¼	0.82	22.9	1.24	none	0.0	9.24	0.49
570	111	Tandy	53.9	64½–20	38	2.18	17.4	1.15	none	0.0	12.00	0.32
456	485	TECO Energy	89.9	36⅝–16½	33	3.51	9.4	1.07	2.36	7.2	24.26	0.74
405	548	Tecumseh Products	103.6	114 –52½	112	11.05	10.1	0.72	3.20	2.9	80.74	0.72
797	797	Tektronix	–15.7	86¾–34	51½	3.78	13.6	0.73	1.00	1.9	41.30	0.80
442	91	Teledyne	93.8‡	302⅜–69½	279	24.39	11.4	0.99	none	0.0	99.01	0.35
10	NR	Telex	984.7	54⅛– 4¼	52⅞	4.35	12.2	1.16	none	0.0	13.43	0.25
NR	NR	Temple-Inland	NA	40⅝–25⅜	40⅜	3.67	11.0	0.78	0.64	1.6	32.86	0.81
821	804	Tenneco	–23.0	51⅞–22⅞	39¾	2.78	14.3	0.39	3.04	7.6	41.87	1.05

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
880	892	Tesoro Petroleum	–45.9%	24½– 8⅝	11¾	$–7.01	def	0.07	$0.40	3.4%	$26.76	2.30
839	683	Texaco	–28.6	49⅛–26	34¼	1.47	23.3	0.16	3.00	8.8	55.15	1.61
606	821	Texas Air	42.9	20 – 4	15	4.17	3.6	0.14	none	0.0	–1.77	NE
741	331	Texas American Bcshs	0.3	45¼–25⅜	25⅞	3.10	8.3	0.42	1.52	5.9	34.37	1.33
803	333	Texas Commerce Bcshs	–17.7	48¼–25⅞	26¾	3.87	6.9	0.44	1.56	5.8	35.98	1.35
774	824	Texas Eastern	–10.7	39¾–18½	35⅜	3.97	8.9	0.33	2.20	6.2	29.11	0.82
783	570	Texas Instruments	–13.8	176 –70½	104⅛	–0.50	def	0.50	2.00	1.9	62.58	0.60
758	109	Texas Oil & Gas	–5.1	27⅞– 8⅞	15½	1.32	11.7	1.91	0.18	1.2	8.32	0.54
543	510	Texas Utilities	61.8	31⅞–16¼	30⅛	4.31	7.0	1.00	2.52	8.4	27.79	0.92
522	576	Textron	67.0	59¾–17¼	49⅞	5.13	9.7	0.34	1.80	3.6	34.95	0.70
785	883	Thorn Apple Valley	–14.0	9¼– 3⅞	5⅜	–0.53	def	0.03	none	0.0	9.37	1.74
68	131	Thrifty Corp	361.8	25¼– 4⅜	23⅜	1.60	14.6	0.33	0.60	2.6	7.72	0.33
926	792	Tidewater	–74.6	53 –12¼	12⅞	–3.75	def	0.80	0.90	7.0	13.15	1.02
698	NR	TIE/Communications	13.8	40⅜– 3⅞	5½	–1.48	def	0.57	none	0.0	8.15	1.48
910	930	Tiger International	–65.6	26⅝– 4¼	8	–5.76	def	0.21	none	0.0	0.09	0.01
NR	NR	Time Inc	NA	61¾–33¾	59⅛	3.40	17.5	1.12	1.00	1.7	16.98	0.29
284	281	Times Mirror	142.8	58½–17⅜	50⅜	3.80	13.3	1.13	1.50	3.0	18.50	0.37
836	733	Timken	–27.1	78 –40⅜	44⅛	0.78	56.6	0.48	1.80	4.1	66.79	1.51
680	370	Todd Shipyards	19.6	41¾–19½	29	1.99	14.6	0.29	1.32	4.6	33.27	1.15
635	767	Toledo Edison	33.1	22½–13⅜	21⅛	4.70	4.5	1.11	2.52	11.9	23.85	1.13
57	140	Torchmark	400.1	26½– 5	25⅝	2.02	12.7	1.40	0.60	2.3	10.39	0.41
622	915	Toro	37.4	18⅞– 5⅜	18⅜	1.67	11.0	0.37	0.40	2.2	10.26	0.56
938	952	Tosco	–87.4	33 – 1	4	–7.37	def	0.06	none	0.0	–15.05	NE
25	8	Toys 'R' Us	611.6	41¼– 4¼	37¼	1.33	28.0	1.66	none	0.0	7.11	0.19
587	NR	Tracor	49.4	28¼– 8¼	19	1.52	12.5	0.67	0.32	1.7	9.54	0.50
NR	NR	Trans World Airlines	NA	23 – 7⅛	22½	–4.10	def	0.21	none	0.0	16.12	0.72
488	504	Transamerica	80.0	34 –16½	33¾	2.29	14.7	0.34	1.68	5.0	28.57	0.85
780	714	Transco Energy	–13.0	58⅛–23⅛	50⅜	1.01	49.9	0.35	2.16*	4.3*	36.00	0.71
501	588	Transway Intl	76.0	47½–19½	45¾	3.61	12.7	0.34	1.80	3.9	28.69	0.63
NR	NR	Transworld	NA	43¼–23⅝	40	2.90	13.8	0.71	0.48	1.2	16.51	0.41
290	359	Travelers	140.5	49¼–16½	46¼	3.08	15.2	0.29	2.04	4.4	38.89	0.83
NR	NR	Tribune	NA	52 –24	51¼	2.94	17.6	1.09	1.00	1.9	20.45	0.40
881	542	Trinity Industries	–46.1	27⅞– 9	13¾	–0.29	def	0.46	0.50	3.6	10.69	0.78
652	342	TRW	27.4	83½–45⅞	77¼	2.13	36.3	0.37	3.00	3.9	46.23	0.60
352	118	Turner	118.8	31⅛– 9	24¾	2.51	9.9	0.05	1.20	4.8	15.25	0.62
466	228	Tyco Laboratories	88.7	46 –10	45⅞	3.45	13.3	0.67	0.80	1.7	20.01	0.44
510	397	Tyler	73.6	17¾– 6⅛	14	1.14	12.3	0.29	0.40	2.9	10.57	0.76
17	55	Tyson Foods	706.2	27⅜– 2¼	26	1.76	14.8	0.49	0.06	0.2	4.32	0.17
237	369	UAL	170.0	59½–15⅛	47¼	–0.85	def	0.27	1.00	2.1	46.55	0.99
851	873	UGI	–35.4	35 –16½	21¼	1.85	11.5	0.31	2.04	9.6	25.41	1.20
571	416	Union Camp	53.8	43⅜–21	38¾	2.32	16.7	1.01	1.64	4.2	26.44	0.68
667	676	Union Carbide	22.9	73⅞–32¼	61¾	–5.10	def	0.47	3.40	5.5	69.89	1.13
852	731	Union Pacific	–35.6	79¼–29¼	50¾	4.10	12.4	0.73	1.80	3.5	37.93	0.75
602	734	United Brands	43.6	27⅛– 6½	23⅞	2.27	10.5	0.11	0.05	0.2	21.85	0.91
759	838	United Energy	–5.2	54⅛–22	45⅜	–0.85	def	0.37	2.48	5.5	31.00	0.68
619	868	United Illuminating	37.9	29 – 9	25	5.81	4.3	0.67	2.32	9.3	33.80	1.35
108	216	United Merchants	292.0	18¾– 3½	18⅛	–2.41	def	0.19	none	0.0	16.82	0.93
574	592	US Bancorp	52.6	32 –12¼	30⅜	3.24	9.4	0.74	1.00	3.3	26.55	0.87
900	808	US Home	–58.3	20⅜– 5	6¼	–0.40	def	0.23	none	0.0	7.95	1.27
75	61	United States Shoe	352.5	49 – 9⅞	45¼	2.78	16.3	0.54	0.92	2.0	19.64	0.43
730	566	United States Steel	5.1	35¼–16	26	1.03	25.2	0.17	1.20	4.6	41.63	1.60
611	424	United Technologies	40.6	45 –15⅛	42⅞	2.00	21.4	0.35	1.40	3.3	30.25	0.71
647	721	United Telecom	29.0	25 –14⅛	22¼	2.24	9.9	0.68	1.92	8.6	18.71	0.84
138	173	United Virginia Bkshs	246.0	48¼–13½	46½	5.16	9.0	0.81	1.64	3.5	29.37	0.63
514	574	Univar	72.5†	35 –12⅜	22	1.82	12.1	0.13	0.80	3.6	17.08	0.78
281	488	Universal Foods	144.7	31 –11⅜	28¾	2.51	11.5	0.40	1.12	3.9	17.26	0.60
631	257	Universal Leaf	34.4	23⅝–10⅞	21¾	2.62	8.3	0.32	1.00	4.6	15.17	0.70
845	336	Unocal	–31.1	51 –21¼	30¾	4.05	7.6	0.33	1.20	3.9	32.78	1.07
425	567	Upjohn	97.6	135½–38	133⅜	6.06	22.0	2.04	2.80	2.1	37.00	0.28
NR	NR	US West	NA	84⅝–55⅛	82¼	9.86	8.3	1.02	5.72	7.0	69.01	0.84
524	42	USAir Group	66.5	39⅞–10	29¼	4.06	7.2	0.45	0.12	0.4	31.78	1.09
496	632	USF&G	77.0	39⅞–15⅝	37½	–0.50	def	0.69	2.20	5.9	20.14	0.54
236	314	USG	170.5	44¼–13	44⅛	6.32	7.1	0.60	1.68	3.8	25.67	0.58

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NA: Not available. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Does not include stock dividends in Transco Exploration Partners as part of the dividend. †Price change does not reflect the value of shares received in a spinoff. NE: Negative equity. def: Deficit.

Rank 85	Rank 84	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
537	528	USLife	63.1%	43 –14½	39¾	$0.78	51.0	0.78	$1.12	2.8%	$38.94	0.98
540	547	Utah Power & Light	62.8	26⅞–15	26¼	1.93	13.6	1.39	2.32	8.8	18.42	0.70
913	913	Valero Energy	–66.6	40⅜– 5⅞	13	–0.01	def	0.12	none	0.0	17.89	1.38
547	582	Valley National	61.1	42¼–13⅛	38¼	4.37	8.8	0.63	1.32	3.5	28.39	0.74
445	233	Varian Associates	92.9	63⅜–11¾	27⅛	1.19	22.8	0.60	0.26	1.0	19.57	0.72
23	39	VF	652.0	51¼– 6¼	51	4.22	12.1	1.14	1.28	2.5	14.27	0.28
383	260	Vulcan Materials	109.6	87½–38¾	87½	6.59	13.3	1.02	2.80	3.2	44.21	0.51
104	144	Wachovia	298.7	38⅝– 8⅛	36⅛	3.55	10.2	1.23	1.00	2.8	17.52	0.48
19	6	Wal-Mart Stores	690.1	30⅛– 3⅜	29⅞	1.08	27.7	1.07	0.14	0.5	3.52	0.12
86	122	Waldbaum	338.2	27¼– 5⅛	27¼	2.99	9.1	0.08	0.05	0.2	23.09	0.85
37	28	Walgreen	479.3	30⅛– 4⅝	27⅞	1.53	18.2	0.54	0.50	1.8	6.76	0.24
764	108	Wang Laboratories	–7.9	42½–12	18⅞	–0.20	def	1.12	0.16	0.8	8.93	0.47
109	79	Warnaco	290.4	36¼– 7⅛	30½	1.90	16.1	0.52	0.88	2.9	17.29	0.57
776	742	Warner Communications	–11.3‡	63¼–17	34½	–2.39	def	0.99	none	0.0	4.86	0.14
404	427	Warner-Lambert	103.7	46½–17	41	3.04	13.5	0.98	1.56	3.8	18.18	0.44
443	476	Washington Gas Light	93.1	23½–10¾	21	2.35	8.9	0.45	1.66	7.9	16.18	0.77
724	638	Washington National	5.6	39⅝–14¼	26¾	0.66	40.5	0.37	1.08	4.0	32.19	1.20
54	70	Washington Post	408.3	130 –19⅜	115	8.53	13.5	1.38	0.96	0.8	27.17	0.24
341	150	Waste Management	121.7	34½–12¾	33⅞	1.66	20.4	2.11	0.48	1.4	9.09	0.27
314	537	Del E Webb	132.8	25 – 4⅞	19½	1.94	10.1	0.48	0.20	1.0	14.89	0.76
87	124	Weis Markets	336.9	36¼– 8⅛	36¼	1.91	19.0	1.12	0.50	1.4	10.49	0.29
365	410	Wells Fargo	115.8‡	62¼–18¼	61½	8.03	7.7	0.39	2.72	4.4	56.21	0.91
67	76	Wendy's Intl	366.7	19⅛– 3⅞	16⅝	1.02	16.3	1.14	0.24	1.4	4.97	0.30
416	275	West Point-Peppereil	99.4	54⅞–19⅛	42⅜	2.75	15.4	0.36	2.20	5.2	44.18	1.04
823	933	Western Air Lines	–23.3	11⅞– 2⅜	7	0.95	7.4	0.23	none	0.0	2.08	0.30
944	916	Western Co No Amer	–91.6	32⅛– 1½	2⅜	–1.48	def	0.20	none	0.0	7.51	3.16
866	867	Western Union	–39.7	54¼– 5¾	14⅝	–4.24	def	0.32	none	0.0	26.63	1.82
180	197	Westinghouse	213.1	46¾–10⅞	46⅜	3.31	14.0	0.78	1.20	2.6	21.40	0.46
787	884	Westmoreland Coal	–14.1	27¾–13½	19¾	–7.18	def	0.28	0.40	2.0	20.77	1.05
503	356	Westvaco	75.5	42 –16½	41¼	3.65	11.3	0.69	1.32	3.2	32.82	0.80
302	266	Wetterau	137.4	38⅛– 9⅛	36½	2.80	13.0	0.12	0.98	2.7	16.32	0.45
782	819	Weyerhaeuser	–13.6	41¾–22½	29½	1.05	28.1	0.71	1.30	4.4	23.04	0.78
902	771	Wheeling-Pittsburgh	–59.5	40⅛– 6⅛	8½	–52.63	def	0.05	none	0.0	41.76	4.91
295	240	Whirlpool	139.0	57 –18⅞	46	4.62	10.0	0.50	2.00	4.3	29.94	0.65
639	706	White Consolidated	31.3	48⅜–22½	32	–6.00	def	0.26	1.50	4.7	30.81	0.96
848	778	Whittaker	–32.6	50⅞–14½	19⅞	2.04	9.7	0.23	0.60	3.0	24.43	1.23
911	941	Wickes Cos	–66.0	16⅛– 2	4⅜	0.92	4.8	0.14	none	0.0	3.55	0.81
605	660	Wicor	43.2	31½–15¾	28⅝	3.37	8.5	0.20	2.42	8.5	28.16	0.98
632	650	Willamette Inds	33.8	48¼–16¼	46¾	4.42	10.6	0.61	1.65	3.5	28.73	0.61
860	823	Williams Cos	–38.6	47½–12⅝	29	1.35	21.5	0.31	1.40	4.8	37.43	1.29
719	352	Wilson Foods	6.7††	15 – 4⅛	6	–2.80	def	0.02	none	0.0	8.35	1.39
342	368	Winn-Dixie Stores	121.7	38⅜–15⅜	35¼	2.62	13.6	0.19	1.74	4.9	15.80	0.44
187	NR	Winn Enterprises	208.3	5½– ¾	4¾	–0.05	def	0.06	none	0.0	3.54	0.77
246	309	Wisconsin Electric	161.2	40½–13½	38¼	4.42	8.8	0.90	2.48	6.4	28.41	0.73
311	463	Wisconsin P&L	133.4	40⅜–15½	39⅛	4.27	9.2	0.92	2.76	7.0	26.03	0.66
276	378	Wisconsin Public Svc	145.6	39⅝–14¾	38⅜	4.16	9.2	0.71	2.86	7.5	27.20	0.71
428	450	Witco	97.0	40½–13¾	38¾	3.88	10.0	0.39	1.48	3.8	25.35	0.65
317	531	FW Woolworth	131.3	58⅛–15⅞	57¼	4.74	12.1	0.31	2.00	3.5	32.64	0.57
457	432	Worthington Inds	89.9	20 – 6¼	18¾	1.39	13.5	0.73	0.44	2.3	7.37	0.39
223	487	Wm Wrigley Jr	181.0	91½–29⅛	88½	6.02	14.7	1.02	3.10	3.5	32.59	0.37
703	319	Wyman-Gordon	10.5	37⅛–15½	21	1.19	17.6	0.97	0.80	3.8	17.32	0.82
754	898	Xerox	–4.0	64 –27⅛	57½	1.83	31.4	0.63	3.00	5.2	42.77	0.74
168	294	Yellow Freight System	222.6	25¼– 5⅜	25	1.93	13.0	0.47	0.54	2.2	9.84	0.39
718	572	Zale	6.8	34 –17⅜	29½	2.27	13.0	0.34	1.32	4.5	38.00	1.29
925	686	Zapata	–74.6	39⅜– 7⅝	9¼	0.12	NM	0.52	0.12	1.3	23.17	2.50
12	3	Zayre	846.3	61¼– 5½	57⅛	3.37	17.0	0.42	0.48	0.8	17.75	0.31
762	229	Zenith Electronics	–6.4	38⅜– 9¼	18¼	0.02	NM	0.26	none	0.0	20.00	1.10
386	654	Zurn Industries	108.6	41½–17¾	39⅛	2.67	14.7	0.63	1.32	3.4	26.39	0.67

Note: Except as indicated, price changes are from Dec. 31, 1980 to Nov. 22, 1985. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. ‡Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. NM: Not meaningful. def: Deficit.

WHO'S WHERE IN PROFITABILITY

Leading in profitability is a bit like being heavyweight champ: The reign is sweet but usually short.

LAST YEAR MCI RANKED FIRST among all companies on our lists in five-year average return on equity, with an astronomical 125.3%. That was, of course, a statistical fluke—unsustainable. This year MCI weighed in with a still high, but much more reasonable, 32.1%.

The new leader is Price Co., which moved from fifth place to first even though its five-year return on equity declined a mite, from 65.7% to 63.8%. Latest four-quarter results at Price didn't surpass five-year results, but a 45.1% return for the latest 12 months indicates that this warehouse-style retailer has yet to run out of steam. Price is a shoo-in for a high ranking next year even if it slips over the next few quarters.

Some high returns on equity may not be as good as they seem. Chrysler's flirtation with disaster back in the early 1980s created an equity account deficit that lasted for three years. As the public snapped up K cars, born-again Chrysler earned $1.5 billion in 1984. Measured against equity of $1.1 billion in 1983, that was a spectacular return on equity of over 125%. Over the last 12 months Chrysler's return is still 59.2%. This profitability will diminish as the company restores its book value. In the meantime a five-year average profitability for Chrysler can't be calculated because of the losses in 1981 and 1982.

High returns on equity may also indicate high capital leverage. Litton Industries, for example, has a five-year profitability figure of 22.9%. But its debt as a percentage of equity is 158.3%—considerably higher than most of the other companies in its industry subgroup *(see p. 160)*.

Profitability is hard to achieve and even harder to maintain. Of the 50 leading firms on that count in the 1981 Annual Report on American Industry, only 11 are still members of this select group. Of the bottom 50 companies, 15 were graduated out of the cellar group, while 6 were acquired or went private and 13 were dropped. In business school they call this gyration of ranks "regression toward the mean." Meaning, with time both fantastic and rotten companies tend to move toward the merely average.

Who's where in profitability

Company	Return on equity rank	5-year average	latest 12 months
Price Co	1	63.8%	45.1%
Apple Computer	2	63.8	12.9
Jefferson Smurfit	3	55.7	17.8
Subaru of America	4	55.5	35.9
NIKE	5	55.4	9.6
ServiceMaster Inds	6	43.1	46.9
Limited	7	41.6	44.2
Columbia S&L	8	41.1	42.1
Tandy	9	40.1	19.3
Big Bear	10	38.5	29.4
Student Loan	11	38.2	29.3
Dun & Bradstreet	12	37.9	23.3
Charter Medical	13	35.9	32.3
Bruno's	14	35.1†	23.0
Savannah Foods	15	35.1	16.6
Wal-Mart Stores	16	34.9	30.7
Standard Oil Ohio	17	34.5	16.4
General Cinema	18	34.5	34.5
American Home Products	19	34.2%	33.8%
Geico	20	34.1	19.1
Texas Oil & Gas	21	33.6	18.4
Lockheed	22	33.5	32.5
Prime Computer	23	33.2	17.0
Humana	24	33.1	28.6
Dow Jones	25	32.2	26.1
MCI Communications	26	32.1	9.8
Pioneer	26	32.1	16.8
Hasbro	28	31.8	29.1
SmithKline Beckman	29	31.7	24.6
Comdisco	30	31.6	30.3
LB Foster	31	31.5	1.6
VF	32	30.9	29.6
Schlumberger	33	30.6	15.1
Food Lion	34	30.4	27.3
TIE/Communications	35	30.3	def
Deluxe Check	36	29.8	33.4
Telex	37	29.5%	32.4%
Federal Express	38	29.4	12.8
Wang Laboratories	39	29.0	def
American Continental	40	28.8	52.9
G Heileman Brewing	41	28.7	16.0
EG&G	42	28.6	35.2
MEI	43	28.4	20.4
Bindley Western Inds	44	28.2	14.5
Computervision	45	28.0	def
Kellogg	46	27.5	54.9
Phibro-Salomon	47	27.5	11.9
Mitchell Energy	48	27.1	4.3
First Boston	49	27.1	22.0
Natl Convenience	50	27.0	12.0
American Stores	51	26.8	26.4
Circuit City Stores	52	26.8	22.8
Super Valu Stores	53	26.6	19.6
Pulte Home	54	26.5	13.8

def: Deficit. †Four year average.

Company	Return on equity rank	5-year average	latest 12 months
Allied Bancshares	55	26.4%	21.6%
Turner	56	25.7	16.5
ICH	57	25.6	31.3
Abbott Laboratories	58	25.6	27.9
Southwest Airlines	59	25.6	14.3
Emery Air Freight	60	25.3	13.4
Advanced Micro	61	25.1	8.5
EF Hutton Group	62	24.9	8.7
Toys "R" Us	63	24.9	18.7
Melville	64	24.8	20.3
SCOA Industries	65	24.8	22.6
Brunswick	66	24.7	20.9
IBM	67	24.7	22.8
Wendy's Intl	68	24.2	20.5
Kelly Services	69	24.2	28.7
Dean Foods	70	24.1	23.6
Maytag	71	24.0	31.1
Dover	72	24.0	16.8
RJ Reynolds Inds	73	24.0	24.6
Culbro	74	24.0	7.3
Rite Aid	75	23.8	18.4
Swift Independent	76	23.7†	def
Carlisle Corp	77	23.7	16.3
James River Corp Va	78	23.6	16.8
Worthington Inds	79	23.6	20.2
Philip Morris Cos	80	23.6	26.5
Todd Shipyards	81	23.4	6.0
AMP	82	23.3	13.7
Allegheny Beverage	83	23.3	114.9
Bristol-Myers	84	23.3	24.2
Washington Post	85	23.3	31.4
CNW	86	23.2	def
Ames Dept Stores	87	23.1	19.7
PHH Group	88	23.1	18.4
Marsh & McLennan Cos	89	23.0	41.0
Equitable Resources	90	23.0	16.5
Jostens	91	22.9	20.3
Tyco Laboratories	92	22.9	18.2
Litton Industries	93	22.9	15.2
Brown-Forman	94	22.8	17.7
Pioneer Hi-Bred Intl	94	22.8	26.0
Nalco Chemical	96	22.8	20.6
Fort Howard Paper	97	22.6	18.1
McGraw-Hill	98	22.6	21.1
McDonald's	99	22.6	22.0
First Executive	100	22.5	10.7
Marriott	101	22.2	22.4
Church's Fried	102	22.2	16.5
Cooper Tire & Rubber	103	22.2	12.3
Waste Management	104	22.2	18.2
Loews	105	22.1	27.4
Eli Lilly	106	22.1	23.3
Republic New York	107	22.0	14.5
ConAgra	108	21.9	20.9
Albertson's	109	21.9	17.8
Delchamps	110	21.8†	15.2
Capital Cities	111	21.8	18.9
Coca-Cola	111	21.8	23.8
Walgreen	113	21.7	22.6
Merck	114	21.6	20.5
Herman Miller	115	21.6	26.0
Gannett	116	21.5	21.8
Equifax	117	21.4	20.1
RH Macy	118	21.4%	16.3%
Tesoro Petroleum	119	21.4	def
Revco DS	120	21.3	7.4
Teledyne	121	21.3	24.6
Entex	122	21.3	11.5
Finl Corp of America	123	21.2	def
Browning-Ferris Inds	124	21.2	22.4
Midlantic Banks	124	21.2	19.1
Supermarkets General	126	21.1	21.7
American Brands	127	21.1	18.6
Chesebrough-Pond's	128	21.0	16.8
General Dynamics	129	21.0	37.8
Morton Thiokol	130	21.0	29.5
State Street Boston	131	21.0	19.3
Giant Food	132	21.0	22.3
Hilton Hotels	132	21.0	19.3
National Medical	134	20.9	16.8
Holly Corp	135	20.9	22.7
Texas Commerce Bcshs	136	20.9	10.8
Rorer Group	137	20.8	18.4
New York Times	138	20.8	23.4
USAir Group	139	20.8	12.8
Emerson Electric	140	20.7	19.9
Gap	140	20.7	8.6
Roadway Services	140	20.7	14.6
Fuqua Industries	143	20.7†	17.9
Ametek	144	20.6	17.2
American Medical	145	20.6	19.9
Intl Flavors & Frags	145	20.6	19.3
Shaklee	147	20.6	8.3
Snap-on Tools	147	20.6	20.1
Boeing	149	20.5	13.3
Weis Markets	150	20.4	18.2
Hewlett-Packard	151	20.4	13.8
Fremont General	152	20.3	113.5
Blount	153	20.3	10.8
Raytheon	154	20.3	18.8
HJ Heinz	155	20.3	23.2
Freeport-McMoRan	156	20.2	17.5
General Electric	157	20.2	18.5
McLean Industries	157	20.2	def
United States Shoe	159	20.2	14.2
Bowater	160	20.2	20.2
Anheuser-Busch Cos	161	20.1	19.4
Hannaford Bros	162	20.1	18.9
Occidental Petroleum	163	20.1	12.7
Minn Mining & Mfg	164	20.1	18.1
E-Systems	165	20.1	20.7
Petrie Stores	165	20.1	18.4
Piedmont Aviation	167	20.1	15.7
Winn-Dixie Stores	168	20.0	17.1
Cullum Cos	169	20.0	17.7
Pentair	170	20.0	17.9
Cabot	171	19.9	def
Sysco	172	19.8	16.5
Saga	173	19.8	14.4
Wyman-Gordon	174	19.8	6.9
Service Merchandise	175	19.8	5.2
Exxon	176	19.8	15.8
Amoco	177	19.8	16.5
Procter & Gamble	178	19.7	12.8
Hershey Foods	179	19.7	16.8
Cincinnati Financial	180	19.7	13.0
Time Inc	180	19.7%††	20.0%
Masco	182	19.7	16.9
Pennzoil	183	19.7	10.5
Lear Siegler	184	19.7	15.9
Genuine Parts	185	19.6	17.9
Square D	186	19.5	16.3
National Service	187	19.5	18.1
General Mills	188	19.5	def
Tracor	189	19.4	15.9
Automatic Data	190	19.4	17.6
Sonat	191	19.4	9.5
Avon Products	192	19.3	13.9
Murphy Oil	192	19.3	8.5
Southwestern Pub Svc	192	19.3	20.9
Tandem Computers	192	19.3	8.9
Southmark	196	19.3	19.6
Valero Energy	197	19.3	def
General Host	198	19.3	41.8
Gillette	199	19.2	20.0
Stop & Shop Cos	200	19.2	12.8
Flowers Industries	201	19.2	19.4
Johnson & Johnson	202	19.2	20.3
Bergen Brunswig	203	19.2	17.2
Lucky Stores	203	19.2	17.5
Meredith	205	19.2	19.6
Clorox	206	19.1	19.6
Universal Leaf	207	19.0	18.3
Hospital Corp	208	19.0	17.9
Anixter Bros	209	19.0	9.1
American Intl Group	210	19.0	10.0
Payless Cashways	211	18.9	13.7
MCorp	212	18.9	12.5
Pfizer	212	18.9	21.9
First Atlanta	214	18.8	22.3
Hillenbrand Inds	215	18.8	15.2
Computer Sciences	216	18.8	15.9
IU International	217	18.8	def
MGM Grand Hotels	218	18.7††	NE
Rockwell Intl	218	18.7	24.0
Combined Intl	220	18.6	18.3
Times Mirror	220	18.6	20.5
Banc One	222	18.6	18.2
Fleming Cos	222	18.6	16.2
McCormick	224	18.6	11.1
Dillard Dept Stores	225	18.6	19.8
Transco Energy	226	18.6	2.8
Nucor	227	18.5	18.8
Curtice-Burns	228	18.5	15.8
Oxford Industries	229	18.5	4.2
John Blair & Co	230	18.4	def
Bankers Trust NY	231	18.4	17.2
Sara Lee	232	18.4	19.9
Ryder System	233	18.4	15.4
Arkla	234	18.3	9.8
Big V Supermarkets	235	18.3	13.3
Old Republic Intl	236	18.3	13.0
Purolator Courier	237	18.3	def
Nordstrom	238	18.3	16.8
Longs Drug Stores	239	18.2	15.8
Sanders Associates	239	18.2	11.6
SCI Systems	241	18.2	15.7
Fleet Financial	242	18.2	19.1
Std Commercial Tob	243	18.2	10.5

def Deficit NE Negative equity † Four-year average †† Three-year average

Who's where in profitability

Company	Return on equity rank	5-year average	latest 12 months
Unocal	243	18.2%	12.4%
Coleco Industries	245	18.0	def
American Express	246	18.0	15.3
Merrill Lynch	247	18.0	9.0
United Energy	247	18.0	def
Beverly Enterprises	249	18.0	12.1
Pitney Bowes	249	18.0	20.8
Lubrizol	251	17.9	12.7
Upjohn	252	17.9	16.4
Rubbermaid	253	17.9	21.8
Atlantic Richfield	254	17.9	def
Warnaco	254	17.9	11.0
Circle K	256	17.9	23.8
Consolidated Papers	257	17.9	25.0
Barnett Banks Fla	258	17.9	18.2
Engelhard	259	17.8	10.2
Farmers Group	259	17.8	16.6
Shaw Industries	261	17.7	22.4
Foster Wheeler	262	17.7	8.6
Interpublic Group	263	17.7	18.3
Whirlpool	263	17.7	15.4
Consol Freightways	265	17.7	14.2
Monfort of Colorado	266	17.6	18.2
Centel	267	17.6	16.2
Vulcan Materials	268	17.6	14.9
Whittaker	269	17.5	8.4
American Greetings	270	17.5	18.1
First Union	271	17.4	20.2
General Re	272	17.4	2.8
Harvey Hubbell	273	17.4	17.8
Mapco	274	17.4	17.8
Dibrell Brothers	275	17.4	18.2
Jerrico	276	17.3	12.1
Sonoco Products	276	17.3	18.4
American Hospital	278	17.2	14.1
Citizens & So Ga	279	17.2	18.9
PNC Financial	280	17.1	18.6
Thrifty Corp	280	17.1	20.7
United Virginia Bkshs	282	17.1	17.6
Emhart	283	17.1	15.4
Pillsbury	283	17.1	17.6
Brown Group	285	17.1	7.8
Sundstrand	286	17.0	13.5
CBI Industries	287	17.0	def
Zapata	288	17.0	0.5
Media General	289	17.0	12.0
Loral	290	17.0	17.7
Louisiana Land	291	16.9	15.9
RR Donnelley	292	16.9	17.9
PepsiCo	293	16.8	29.2
Panhandle Eastern	294	16.8	7.8
Golden West Finl	295	16.8	43.0
Alco Standard	296	16.8	11.3
Dayton-Hudson	296	16.8	16.1
Illinois Tool Works	296	16.8	15.2
Ralston Purina	299	16.8	27.3
Avery International	300	16.7	18.0
Avnet	301	16.7	5.8
Dexter	302	16.7	13.6
TRW	303	16.7	4.6
WW Grainger	304	16.7	15.2
CPC International	305	16.7	11.0
Ball Corp	306	16.7	17.0
Security Pacific	306	16.7%	16.0%
InterNorth	308	16.6	13.0
Hartford National	309	16.6	18.4
Amer Broadcasting	310	16.5	12.9
Global Marine	311	16.5	def
Gerber Products	312	16.5	15.1
Tyler	312	16.5	10.8
RepublicBank	314	16.5	13.2
Baker International	315	16.5	8.7
HH Robertson	316	16.5	def
Sovran Financial	317	16.4	17.6
M/A-Com	318	16.4	9.3
Halliburton	319	16.4	1.2
New England Electric	319	16.4	18.4
Wachovia	319	16.4	20.3
Mercantile Stores	322	16.3	15.0
Southland	323	16.3	16.5
Jack Eckerd	324	16.3	def
United Illuminating	325	16.2	17.2
United Technologies	326	16.2	6.6
Chevron	327	16.2	9.3
Knight-Ridder	327	16.2	15.5
Transworld	329	16.2††	17.6
Sterling Drug	330	16.2	16.0
Lowe's Cos	331	16.2	17.8
Pittway	331	16.2	12.6
Collins & Aikman	333	16.1	21.7
Phillips Petroleum	334	16.1	8.3
NCNB	335	16.1	17.5
Texas Eastern	336	16.1	13.6
Westinghouse	337	16.1	15.5
Commonwealth Energy	338	16.0	16.7
Diversified Energies	338	16.0	7.2
Northrop	338	16.0	33.2
Kansas City Southern	341	16.0	15.7
Reading & Bates	341	16.0	def
North American Coal	343	16.0	19.4
May Dept Stores	344	16.0	17.3
Texas Utilities	344	16.0	15.5
Schering-Plough	346	16.0	14.2
United Telecom	346	16.0	12.0
Enserch	348	16.0	0.3
Trinity Industries	348	16.0	def
Dynalectron	350	16.0	11.7
Paine Webber Group	351	15.9	8.6
Perkin-Elmer	352	15.9	13.2
Palm Beach	353	15.9	2.3
Quaker Oats	353	15.9	20.9
Iowa-Illinois G&E	355	15.9	15.6
Kansas City P&L	356	15.9	18.9
Handy & Harman	357	15.9	7.6
Oneok	358	15.9	9.5
Eastman Kodak	359	15.8	10.4
Beatrice	360	15.8	19.7
Motorola	361	15.8	6.8
Kansas Power & Light	362	15.8	15.4
Scott & Fetzer	362	15.8	15.3
Wisconsin P&L	364	15.8	16.4
First Fidelity Bncp	365	15.8	14.9
Moore Corp	365	15.8	17.6
Zayre	367	15.7	19.0
Western Co No Amer	368	15.7	def
JP Morgan	369	15.7	18.7
Bank of Boston	370	15.6%	17.4%
Central & South West	370	15.6	16.4
Rose's Stores	370	15.6	14.2
Tecumseh Products	370	15.6	13.7
Kroger	374	15.6	15.8
Universal Foods	375	15.6	14.5
Witco	375	15.6	15.3
Air Prods & Chems	377	15.5	13.1
Brooklyn Union Gas	377	15.5	15.7
Edison Bros Stores	379	15.5	7.8
Baxter Travenol Labs	380	15.5	2.8
Norstar Bancorp	380	15.5	14.9
Raychem	382	15.5	9.5
Stanadyne	382	15.5	15.3
Big Three Industries	384	15.4	1.9
Alexander & Baldwin	385	15.4	18.2
Bank of New York	385	15.4	15.4
Briggs & Stratton	385	15.4	11.2
No States Power	388	15.4	15.1
Tektronix	388	15.4	9.3
Fidelcor	390	15.4	16.9
Chemical New York	391	15.4	16.2
Bank of New England	392	15.3	18.0
Federal Paper Board	393	15.3	6.8
Intel	394	15.3	2.9
Federal-Mogul	395	15.3	13.8
Sun Company	396	15.3	4.8
TECO Energy	397	15.2	14.5
Harris Corp	398	15.2	8.0
Campbell Soup	399	15.2	15.7
Citicorp	399	15.2	16.0
CoreStates Financial	399	15.2	31.8
Combustion Eng	402	15.2	def
Kaman	402	15.2	17.6
Questar	402	15.2	12.7
Illinois Power	405	15.1	14.7
Rohm & Haas	406	15.1	15.3
Sealed Power	407	15.1	13.9
Southern Calif Edison	408	15.1	16.3
Mercantile Bancorp	409	15.0	12.9
Portland Genl Electric	410	15.0	12.9
BayBanks	411	15.0	16.0
Ruddick	412	15.0	12.4
Rohr Industries	413	14.9	23.6
Waldbaum	413	14.9	13.0
Dart & Kraft	415	14.9	17.1
PacifiCorp	415	14.9	16.1
Valley National	417	14.9	15.4
Tyson Foods	418	14.9	40.7
Archer-Daniels	419	14.9	10.6
Wm Wrigley Jr	419	14.9	18.5
Continental Telecom	421	14.8	17.4
Mobil	421	14.8	6.6
Wisconsin Public Svc	423	14.8	15.3
Meridian Bancorp	424	14.8	17.3
CityFed Financial	425	14.8	25.5
Figgie Intl	426	14.8	13.6
Consol Natural Gas	427	14.8	13.9
Union Camp	427	14.8	8.8
Leaseway Transport	429	14.8	8.7
Bausch & Lomb	430	14.8	19.8
Dennison Mfg	430	14.8	11.8
First of America Bank	432	14.7	19.1

def: Deficit. ††Three-year average.

Company	Return on equity rank	5-year average	latest 12 months
Peoples Energy	433	14.7%	19.8%
American Standard	434	14.7	12.6
Cleveland Electric	435	14.7	16.5
Kimberly-Clark	436	14.7	16.9
San Diego Gas & Elec	436	14.7	15.9
Zurn Industries	436	14.7	10.1
Texas American Bcshs	439	14.7	9.0
Allegheny Power	440	14.7	13.8
KN Energy	441	14.7	11.6
Morrison-Knudsen	441	14.7	11.6
First Tennessee Natl	443	14.7	16.5
NCR	443	14.7	14.6
Wisconsin Electric	445	14.6	15.6
Tenneco	446	14.6	6.6
Federated Dept Stores	447	14.6	13.1
Ipalco Enterprises	448	14.6	13.2
Seagram	448	14.6	9.2
Fischbach	450	14.6	def
Intl Multifoods	451	14.5	12.3
Alltel	452	14.5	15.4
US Bancorp	453	14.5	12.2
Caesars World	454	14.5	16.3
GTE	455	14.4	14.2
Long Island Lighting	455	14.4	16.8
Northeast Utilities	455	14.4	18.9
General Signal	458	14.4	11.5
First Interstate	459	14.4	13.1
Grumman	459	14.4	14.9
Central Hudson G&E	461	14.4	15.9
Cooper Industries	462	14.4	9.6
Kaneb Services	462	14.4	3.2
Johnson Controls	464	14.4	14.7
Laclede Gas	464	14.4	18.0
Consolidated Edison	466	14.4	14.2
Gelco	466	14.4	10.8
American General	468	14.3	13.2
Bairnco	469	14.3	15.2
Staley Continental	470	14.3	0.8
Digital Equipment	471	14.3	8.5
NY State E&G	471	14.3	14.6
Southern Company	473	14.3	17.3
Duke Power	474	14.3	13.7
DWG	474	14.3	def
Huntington Bcshs	474	14.3	16.1
Maryland National	474	14.3	16.9
Irving Bank	478	14.2	12.7
Niagara Mohawk Power	478	14.2	14.2
AZP Group	480	14.2	14.7
Fleetwood Enterprises	481	14.2	21.0
KeyCorp	482	14.2	17.1
Parker-Hannifin	482	14.2	14.7
Potomac Electric	484	14.1	17.4
Gulf States Utilities	485	14.1	14.2
Business Men's Assur	486	14.1	13.2
Public Service NH	486	14.1	11.2
Southeast Banking	486	14.1	11.7
Capital Holding	489	14.1	13.1
Rochester G&E	489	14.1	16.7
Iowa Resources	491	14.0	10.9
USG	491	14.0	24.6
McKesson	493	14.0	12.5
Gearhart Industries	494	14.0	2.0
Provident Life & Acc	494	14.0	13.6
Squibb	494	14.0%	16.2%
Torchmark	494	14.0	19.4
Stanley Works	498	14.0	16.6
Nash Finch	499	13.9	12.0
Pacific G&E	500	13.9	15.8
Ethyl	501	13.9	14.7
General Instrument	501	13.9	def
GEO International	501	13.9	def
CNA Financial	504	13.8	9.8
Pacific Lighting	505	13.8	10.2
WR Grace	506	13.8	7.1
Coachmen Industries	507	13.8	7.1
Univar	507	13.8	10.7
First City Bancorp	509	13.8	3.9
PPG Industries	509	13.8	15.6
Manhattan Industries	511	13.8	def
Manufacturers Hanover	512	13.7	12.8
Orange & Rockland	512	13.7	13.2
Baltimore G&E	514	13.7	14.6
CBS	515	13.7	0.3
Rainier Bancorp	515	13.7	14.0
Smithfield Foods	517	13.7	15.8
Harcourt Brace	518	13.7	19.5
Commonwealth Ed	519	13.7	15.8
Hanover Insurance	520	13.7	3.0
Kidde	521	13.7	12.0
Wells Fargo	522	13.7	14.3
Sherwin-Williams	523	13.6	17.6
First Bank System	524	13.6	14.8
Oklahoma G&E	525	13.6	12.4
Munford	526	13.6	10.7
Ohio Casualty	527	13.6	6.4
Fairchild Industries	528	13.5	def
Norfolk Southern	529	13.5	10.9
National Fuel Gas	530	13.4	15.1
Borden	531	13.4	13.9
Colgate-Palmolive	531	13.4	4.2
So New England Tel	533	13.4	12.6
American Family	534	13.4	18.2
Bank of Virginia	534	13.4	18.3
Insilco	534	13.4	10.6
MidCon	534	13.4	def
MCA	538	13.4	9.5
Idle Wild Foods	539	13.3	12.7
Holiday	540	13.3	16.1
Ex-Cell-O	541	13.3	12.1
Intl Minerals & Chem	541	13.3	8.7
Marsh Supermarkets	543	13.3	11.5
Middle South Utils	543	13.3	14.1
Carpenter Technology	545	13.3	6.0
Public Service Ind	545	13.3	3.5
American Petrofina	547	13.2	6.4
Scana	547	13.2	14.6
Delmarva Power & Lt	549	13.2	15.4
Toledo Edison	549	13.2	19.7
Chase Manhattan	551	13.2	12.9
Wetterau	551	13.2	17.2
Hartmarx	553	13.2	13.8
K mart	554	13.2	12.4
Paccar	554	13.2	12.8
Super Food Services	554	13.2	16.8
Central Ill Pub Svc	557	13.2	11.4
MGM/UA Entertainment	558	13.2	def
Dayton Power & Lt	559	13.1%	12.8%
North Amer Philips	559	13.1	9.7
Borg-Warner	561	13.1	10.8
Houston Industries	561	13.1	17.2
George A Hormel	563	13.0	11.4
Safeway Stores	564	13.0	16.4
Rykoff-Sexton	565	13.0	14.8
West Point-Pepperell	566	13.0	6.2
Revlon	567	13.0	11.8
First Wisconsin	568	13.0	11.9
Ohio Edison	568	13.0	15.3
Honeywell	570	13.0	8.0
CilCorp	571	13.0	11.9
Carolina Power & Lt	572	12.9	15.1
Montana Power	573	12.9	9.8
Safeco	574	12.9	9.5
Transamerica	575	12.9	8.0
Mellon Bank	576	12.9	12.6
Jefferson-Pilot	577	12.9	15.8
Westvaco	578	12.8	11.1
Allied Stores	579	12.8	15.3
Columbia Gas System	579	12.8	def
Philadelphia Electric	579	12.8	14.3
Sun Chemical	579	12.8	10.7
Burlington Northern	583	12.8	13.4
Farm House Foods	583	12.8	9.8
McDonnell Douglas	583	12.8	14.6
Chubb	586	12.8	7.3
Ogden	586	12.8	8.4
Coastal Corp	588	12.8	15.8
Fluor	588	12.8	def
Riggs National	588	12.8	13.2
Magic Chef	591	12.7	19.8
National City	591	12.7	16.5
Allied-Signal	593	12.7	14.0
Cincinnati G&E	594	12.7	14.2
First Security	594	12.7	5.2
Stone Container	594	12.7	3.7
FPL Group	597	12.7	16.3
Public Service Colo	597	12.7	12.7
Atlantic City Electric	599	12.7	11.7
JC Penney	599	12.7	10.1
Warner-Lambert	601	12.6	16.7
Gt Northern Nekoosa	602	12.6	6.1
Yellow Freight System	602	12.6	19.6
Louisville G&E	604	12.6	14.0
Federal Co	605	12.6	15.6
Boston Edison	606	12.6	14.8
Florida Progress	607	12.5	17.3
Shawmut	608	12.5	15.4
USF&G	609	12.5	def
Strawbridge	610	12.5	16.0
Economics Lab	611	12.4	18.4
Public Service E&G	612	12.4	14.0
JWT Group	613	12.4	14.0
Centex	614	12.4††	14.3
Penn P&L	615	12.3	11.1
Seaway Food Town	615	12.3	11.3
Greyhound	617	12.3	10.3
Washington Gas Light	618	12.3	14.5
Colt Industries	619	12.3	39.8
Gordon Jewelry	620	12.3	3.3
EI du Pont	621	12.2	7.6

def: Deficit. ††Three-year average.

Who's where in profitability

Company	Return on equity rank	5-year average	latest 12 months
Xerox	622	12.2%	4.3%
Echlin	623	12.1	17.5
Harsco	624	12.1	14.2
Travelers	625	12.1	7.9
Hercules	626	12.1	11.0
Utah Power & Light	627	12.0	10.5
Central Maine Power	628	12.0	0.4
Datapoint	628	12.0	def
DeSoto	628	12.0	12.7
Household Intl	631	12.0	13.6
Pacific Resources	631	12.0	11.7
Society	631	12.0	13.7
Joy Manufacturing	634	12.0	3.3
Quaker State Oil	635	12.0	10.2
Texaco	636	12.0	2.7
Duquesne Light	637	11.9	13.5
Arden Group	638	11.9	16.8
Becton, Dickinson	639	11.9	14.0
Union Pacific	639	11.9	10.8
Puget Sound P&L	641	11.8	13.2
Associated Dry Goods	642	11.8	12.2
Amerada Hess	643	11.7	3.9
Florida Natl Banks	643	11.7	30.1
Tribune	645	11.7	14.4
American District	646	11.7	6.5
American Cyanamid	647	11.7	10.2
Natl Semiconductor	648	11.7	def
Texas Instruments	649	11.6	def
Macmillan	650	11.6	20.3
American Electric	651	11.6	12.3
Commercial Metals	651	11.6	7.3
Data General	651	11.6	3.8
Norton	654	11.6	8.4
Kemper	655	11.5	5.9
Detroit Edison	656	11.5	13.6
Perini	657	11.4	def
Cummins Engine	658	11.4	11.2
Earle M Jorgensen	659	11.4	4.8
Crown Cork & Seal	660	11.3	14.4
NBD Bancorp	661	11.3	12.9
Dow Chemical	662	11.3	8.6
InterFirst	662	11.3	5.3
Robertshaw Controls	662	11.3	17.2
Cincinnati Milacron	665	11.3	def
Central Steel & Wire	666	11.3	10.8
Thorn Apple Valley	666	11.3	def
Kentucky Utilities	668	11.2	12.6
National Gypsum	669	11.2	22.1
Kerr-McGee	670	11.2	4.3
Hammermill Paper	671	11.1	8.5
Liquid Air	672	11.1	10.8
Roper Corp	672	11.1	def
Dana	674	11.0	15.1
Dominion Resources	674	11.0	12.6
Norwest	676	11.0	9.5
Comerica	677	11.0	11.1
Bell & Howell	678	11.0	15.1
Cluett, Peabody	679	10.9	7.3
M Lowenstein	680	10.9	11.4
Santa Fe Southern	681	10.9	7.6
Best Products	682	10.9	1.5
Lincoln National	683	10.9	11.1
Interco	684	10.9	5.9
Carson Pirie Scott	685	10.8%	13.4%
Parker Drilling	686	10.8	def
USLife	687	10.8	2.0
Varian Associates	688	10.8	6.1
Life Investors	689	10.8	10.7
Wicor	690	10.8	12.0
CSX	691	10.8	8.3
Rollins	692	10.8†	53.4
American Natl Ins	693	10.7	7.3
Esselte Business Sys	694	10.7	13.2
Monarch Capital	695	10.7	10.0
Bemis	696	10.7	12.3
Eastern Gas & Fuel	697	10.6	def
ITT	698	10.6	6.9
BankAmerica	699	10.6	def
Sears, Roebuck	700	10.6	10.7
Bearings	701	10.6	7.8
Tidewater	702	10.6	def
Monsanto	703	10.5	8.0
Dresser Industries	704	10.5	4.7
FMC	705	10.5	5.5
Alcan Aluminium	706	10.5	def
Atlanta Gas Light	707	10.5	11.7
Ceco Industries	708	10.4	8.8
Penn Traffic	709	10.4	8.8
Goodyear	710	10.4	13.6
Transway Intl	710	10.4	12.6
AmeriTrust	712	10.3	11.4
Hawaiian Electric	713	10.3	11.6
Williams Cos	714	10.2	3.6
Phillips-Van Heusen	715	10.2	9.3
Centerre Bancorp	716	10.1	8.6
Scott Paper	717	10.1	13.0
Ferro	718	10.1	6.8
Consumers Power	719	10.0	1.8
Marine Midland Banks	720	9.9	8.9
Ponderosa	721	9.9	0.7
Alexander & Alexander	722	9.8	def
Athlone Industries	723	9.8	def
Morse Shoe	723	9.8	6.2
Aetna Life & Cas	725	9.8	6.9
Outboard Marine	726	9.8	8.0
Ryan Homes	726	9.8	15.5
Gates Learjet	728	9.7	def
Corning Glass Works	729	9.7	8.5
RLC	729	9.7††	5.6
Martin Marietta	731	9.7	37.8
Manufacturers Natl	732	9.7	14.2
Celanese	733	9.6	16.0
Amsted Industries	734	9.6	7.9
Cameron Iron Works	735	9.5	2.8
NL Industries	736	9.4	def
Sperry	737	9.4	1.1
Carter Hawley Hale	738	9.4	7.3
UGI	739	9.3	7.3
Colonial Penn Group	740	9.3	13.5
Heck's	741	9.3	def
Gulf & Western Inds	742	9.3	12.6
Armstrong World Inds	743	9.2	15.2
Diamond Shamrock	744	9.2	def
Arkansas Best	745	9.2	18.3
Bally Manufacturing	746	9.1	def
Godfrey	746	9.1	11.9
General Motors	748	9.1%	14.4%
Willamette Inds	748	9.1	15.4
Arrow Electronics	750	9.1	def
California First Bank	751	9.0	9.3
Arvin Industries	752	9.0	16.0
Newmont Mining	752	9.0	1.8
Kay	754	8.9	16.0
Northern Trust	754	8.9	7.0
Anderson, Clayton	756	8.9	2.5
Owens-Corning	757	8.9	14.3
Union Carbide	757	8.9	def
Eagle-Picher Inds	759	8.9	10.8
Springs Industries	760	8.8	3.5
Textron	760	8.8	14.7
Penn Central	762	8.8	7.5
Zale	762	8.8	6.0
DeKalb AgResearch	764	8.8	5.3
SCM	765	8.7	8.2
Hughes Tool	766	8.7	1.5
RCA	766	8.7	16.9
No Indiana Pub Svc	768	8.7	6.8
Southern Union	769	8.7	def
Foxboro	770	8.7	0.0
Moore McCormack	770	8.7	4.9
Olin	770	8.7	def
Control Data	773	8.7	def
Mead	774	8.6	10.7
IC Industries	775	8.6	7.9
Pennwalt	775	8.6	def
International Paper	777	8.6	def
Resorts Intl	778	8.6	def
Washington National	779	8.6	2.1
Owens-Illinois	780	8.6	10.8
Black & Decker	781	8.5	def
Reichhold Chemicals	782	8.5	7.8
Berkshire Hathaway	783	8.4	7.0
Walt Disney	783	8.4	15.0
American Maize	785	8.4	1.0
Dorsey	786	8.4	11.3
Alcoa	787	8.4	2.7
Hoover	788	8.3	17.1
Kellwood	789	8.2	17.8
National Distillers	790	8.2	4.8
First Chicago	791	8.1	8.0
Pueblo International	792	8.1	6.9
Zenith Electronics	793	8.0	0.1
Delta Air Lines	794	8.0	19.6
Eaton	795	8.0	20.1
McDermott Intl	796	7.9	def
Primark	796	7.9	12.7
Gould	798	7.9	def
Adolph Coors	799	7.8	5.2
Amdahl	800	7.8	7.4
Armstrong Rubber	801	7.7	7.0
Champion Spark Plug	801	7.7	6.1
St Paul Cos	801	7.7	def
Avondale Mills	804	7.7	def
Interlake	805	7.7	9.1
Parker Pen	805	7.7	10.3
PSA	807	7.6	8.0
Sheller-Globe	807	7.6	18.1
Jim Walter	809	7.6	13.6
Fisher Foods	810	7.5	0.4

def: Deficit †Four-year average ††Three-year average

Who's where in profitability

Company	Return on equity rank	5-year average	latest 12 months
Northwestern Natl Life	811	7.4%	4.5%
Easco	812	7.3	def
Research-Cottrell	813	7.3	def
Potlatch	814	7.3	6.9
Smith International	815	7.3	def
Weyerhaeuser	816	7.2	4.6
Burroughs	817	7.1	9.9
Burlington Inds	818	7.1	1.1
Equitable of Iowa	819	7.0	4.3
Fieldcrest Mills	819	7.0	2.5
Lone Star Industries	821	6.9	14.9
Singer	822	6.9	19.3
Barnes Group	823	6.8	8.1
Stewart-Warner	824	6.8	5.4
Pacific Gamble	825	6.7	2.3
Cigna	826	6.6††	3.1
Libbey-Owens-Ford	827	6.6	14.1
Ford Motor	828	6.6	25.5
Stewart & Stevenson	829	6.5	3.7
Frontier Holdings	830	6.4	19.7
Timken	831	6.4	1.2
Ingersoll-Rand	832	6.3	7.0
Rexnord	833	6.3	8.0
Georgia-Pacific	834	6.3	1.2
Cessna Aircraft	835	6.2	6.3
Gifford-Hill	835	6.2	0.1
Shopwell	837	6.2	def
Ampco-Pittsburgh	838	6.1	3.9
Michigan National	838	6.1	8.2
Continental Corp	840	6.1	5.2
Deere	841	6.1	2.0
Boise Cascade	842	6.0	3.8
Skyline	843	6.0	7.4
Cyclops	844	5.9	13.1
Ashland Oil	845	5.9	13.4
Longview Fibre	846	5.8	7.9
Minstar	847	5.8	13.5
Genesco	848	5.6	def
Del E Webb	849	5.5	13.0
White Consolidated	850	5.5	def
Dayco	851	5.4	8.4
US Home	851	5.4	def
Butler Manufacturing	853	5.3	5.5
Brockway Inc (NY)	854	5.3	7.9
Allen Group	855	5.3	13.3
GenCorp	856	5.0	4.2
DiGiorgio	857	5.0	0.9
Nicor	858	4.9	def
UAL	859	4.8	def
Kaufman & Broad	860	4.7	14.5
Reynolds Metals	861	4.7	def
Polaroid	862	4.7	2.3
Fruehauf	863	4.6	13.8
Beneficial Corp	864	4.4	9.0
Champion Intl	865	4.3	def
Allegheny Intl	866	4.1	def
GATX	867	4.1	def
Louisiana-Pacific	867	4.1	2.8
Nashua	869	4.0	11.9
Copperweld	870	3.7	def
General Public Utils	870	3.7	7.6
NWA	872	3.6	7.9
Mohasco	873	3.6	8.1
American Can	874	3.5	9.6
FW Woolworth	875	3.5	14.5
People Express	876	3.5%††	def
BF Goodrich	877	3.4	def
AMR	878	3.4	19.4%
Crown Zellerbach	878	3.4	def
Firestone	880	3.3	4.7
Koppers	881	3.1	def
Anchor Hocking	882	3.0	def
Amfac	883	2.9	def
Crown Central Pet	884	2.7	7.7
Kaiser Alum & Chem	885	2.4	def
Gt Western Financial	886	2.3	15.7
LTV	887	2.3	def
HF Ahmanson	888	2.3	17.6
JP Stevens	889	2.3	def
Storer Communications	890	2.0	def
Crane	891	1.9	14.6
CertainTeed	892	1.8	13.0
Manville	893	1.8	def
United States Steel	894	1.7	2.5
Caterpillar Tractor	895	1.6	def
Midland-Ross	896	1.5	def
Alexander's	897	1.4	7.4
Lukens	898	1.2	3.9
Ideal Basic Inds	899	1.1	def
Foodarama Supermkts	900	1.1	14.2
Western Union	901	0.7	def
Sybron	902	0.6	6.7
Chicago Pneumatic	903	0.5	6.0
National-Standard	904	0.5	1.2
United Brands	905	0.4	10.4
Becor Western	906	def	1.3
Pittston	907	def	def
Lafarge	908	def	0.3
Dravo	909	def	def
Clark Equipment	910	def	def
Mack Trucks	911	def	def
Gibraltar Financial	912	def	18.3
Northwestern Steel	913	def	def
American Bakeries	914	def	12.2
Southwest Forest Inds	915	def	def
Kerr Glass Mfg	916	def	def
Asarco	917	def	def
Ramada Inns	918	def	3.9
Mission Insurance	919	def	def
Talley Industries	920	def	11.0
Inland Steel	921	def	def
Westmoreland Coal	922	def	def
Chromalloy American	923	def	def
Continental Illinois	924	def	22.8
AO Smith	925	def	def
Fedl Natl Mortgage	926	def	def
Toro	927	def	18.7
AMAX	928	def	def
Borman's	929	def	7.5
Phelps Dodge	930	def	def
Warner Communications	931	def	def
Revere Copper	932	def	65.8
American Hoist	933	def	def
Great A&P Tea	934	def	10.0
Storage Technology	935	def	def
Inspiration Resources	936	def	def
National Intergroup	937	def	def
Harnischfeger	938	def	3.1
GAF	939	def	25.1
Armco	940	def	def
General Refractories	941	def	11.4%
Wheeling-Pittsburgh	942	def	def
Imperial Corp of Am	943	def††	1.9
Inco	944	def	3.5
Evans Products	945	def	def
AH Robins	946	def	def
Tosco	947	def†	def
First Pennsylvania	948	def	def
Interstate Bakeries	949	def	7.2
Bethlehem Steel	950	def	def
Bird	951	def	def
Wilson Foods	952	def	def
United Merchants	953	def	def
Pan Am	954	def	def
Charter	955	def	def
Mattel	956	def†	77.1
Eastern Air Lines	957	def	35.9
Allis-Chalmers	958	def	def
Oak Industries	959	def	def
Tiger International	960	def	def
NVF	961	def	def
Savin	962	def	def
American Motors	963	def	def
Western Air Lines	964	def	45.7
Intl Harvester	965	def†	def
Cook United	966	def	def
Republic Airlines	967	def†	553.6
Texas Air	968	def†	NE
AM International	969	def††	NE
Wickes Cos	970	def††	25.9
Massey-Ferguson	971	def††	def
Allied Supermarkets	972	NE	1.6
Chrysler	972	NE	59.2
Pantry Pride	972	NE	def
American Info Tech		NA	14.6
American President		NA	12.0
American Tel & Tel		NA	10.5
Bear Stearns Cos		NA	NA
Bell Atlantic		NA	14.2
BellSouth		NA	15.3
CalFed		NA	15.7
Carteret S&L		NA	16.3
CrossLand Savings		NA	NA
Cyprus Minerals		NA	def
Fireman's Fund		NA	def
First Federal Mich		NA	21.2
Florida Federal S&L		NA	def
Foxmeyer		NA	9.5
Glendale Federal S&L		NA	8.3
Gt Am First Savings		NA	10.0
Home Federal S&L		NA	9.6
Home Group		NA	NA
Masco Industries		NA	20.8
Nynex		NA	13.7
Pacific Telesis		NA	14.2
PSFS		NA	3.3
Sea-Land		NA	5.1
Southwestern Bell		NA	14.2
Stater Bros		NA	74.7
SunTrust Banks		NA	17.5
Temple-Inland		NA	11.2
Trans World Airlines		NA	def
US West		NA	14.3
Winn Enterprises		NA	def

def: Deficit. NA: Not available. NE: Negative equity. †Four-year average. ††Three-year average.

WHO'S WHERE IN THE INDUSTRY GROUPS

Last year was a good year for the market but not for corporate profitability. On average, the companies in this issue failed to match their five-year return on equity.

THE STOCK MARKET ENDED 1985 at its highest level in history, but it wasn't all that good a year for U.S. industry. For the 12 months through Sept. 30, the companies covered here averaged a return on equity of 12.7%, significantly below their five-year median of 13.7%. Earnings per share for the group gave up some of the ground gained the year before, dropping 6%, compared with a nearly 16% gain in 1984.

So why was the stock market so strong? Investors seemed to be looking beyond these alarming results to a better, low-inflation future. Earnings, no longer pumped up by double-digit inflation, are more solid than in the past, and, with costs under control, most businesses can look forward to a somewhat better 1986. Few economists see a recession before 1987 *(see p. 33)*.

Despite the trend toward lower returns, 33 of the 93 industry subgroups exceeded their five-year profitability during the last 12 months. Thrift institutions made the biggest gains, jumping from their five-year average of 8.6% to a 15.7% return on equity for the past 12 months. The thrifts are recovering from the squeeze of high short-term interest rates. Significant increases were also registered by the appliance industry, toys and electronics, and financial companies.

Over the past 12 months the biggest loser was the oilfield services group, which fell from a five-year average return of 14.4% to only 1.4% for the latest 12-month period. Nothing better illustrates the fickleness of financial fortune than this sad comedown. Only a few years ago oilfield service companies were the darlings of Wall Street, highly profitable, growing fast and much coveted by investors. Sic transit gloria mundi.

Industry medians

Yardsticks of management performance

	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Beverages and tobacco	**1**	**21.5%**	**18.5%**	**29.2%**	**6.6%**	**14**	**7.8%**	**7.0%**	**2**	**12.3%**	**2.7%**
Alcoholic beverages		17.4	14.3	29.4	5.0		12.1	8.8		14.2	–4.9
Soft drinks		25.1	26.5	55.7	7.8		8.1	3.0		14.7	42.3
Tobacco		21.6	18.5	24.9	6.5		5.1	8.2		11.4	1.9
Health	**2**	**18.9**	**16.7**	**29.0**	**7.7**	**13**	**8.3**	**6.2**	**5**	**9.3**	**9.2**
Drugs		18.9	17.0	14.4	9.6		6.9	5.0		8.2	9.2
Health care		17.2	14.1	29.0	7.2		8.3	4.5		3.7	1.8
Hospital management		20.8	18.9	159.9	7.5		33.8	18.7		28.4	17.1
Communications media	**3**	**18.4**	**18.9**	**23.2**	**7.3**	**3**	**12.5**	**11.1**	**1**	**13.0**	**7.2**
Publishing		18.9	19.8	15.9	8.3		12.0	11.2		16.6	14.0
Broadcasting		16.5	16.9	29.3	5.3		11.7	4.6		3.1	7.2
Media services		18.1	16.2	12.8	4.0		15.1	11.5		2.7	–34.9

P-D: Profit to deficit. def: Deficit. NM: Not meaningful.

Yardsticks of management performance

	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Financial services	**4**	**17.0%**	**10.5%**	**74.6%**	**2.1%**	**8**	**10.8%**	**10.3%**	**24**	**–7.1%**	**15.0%**
Financial companies		9.3	12.6	115.8	4.0		9.3	11.8		–18.5	1.2
Brokerage houses		24.0	9.0	57.6	2.5		25.8	21.4		–5.9	49.3
Commodity traders		10.3	9.6	65.8	0.9		–0.9	–17.4		–12.8	–22.2
Electrical equipment	**5**	**16.4**	**15.9**	**11.7**	**5.8**	**21**	**5.6**	**5.8**	**11**	**6.0**	**6.0**
Aerospace and defense	**6**	**16.0**	**13.5**	**26.0**	**4.0**	**16**	**6.9**	**5.7**	**16**	**0.3**	**3.8**
Food distributors	**7**	**15.9**	**14.8**	**63.1**	**1.3**	**10**	**9.4**	**8.3**	**6**	**9.0**	**13.2**
Wholesale and supply		13.6	15.5	68.1	1.1		12.9	11.1		11.0	9.5
Major supermarkets		19.2	17.1	61.3	1.3		11.2	8.7		8.1	27.5
Regional supermarkets		12.8	13.0	66.9	0.9		8.8	4.8		1.9	17.9
Convenience stores		17.1	14.3	113.9	1.5		17.7	10.6		14.3	2.5
Restaurant chains		19.5	16.5	33.9	4.4		11.7	9.6		10.5	12.2
Food processors	**8**	**15.8**	**14.2**	**36.5**	**3.0**	**15**	**7.1**	**6.8**	**13**	**4.3**	**6.6**
Food commodities		14.9	11.0	30.9	2.9		5.1	6.8		2.8	–12.1
Meatpacking		13.5	12.1	78.6	1.0		8.0	2.1		–12.6	–5.8
Branded foods		16.6	15.8	39.3	3.5		7.8	7.7		9.0	9.7
Industrial, office services	**8**	**15.8**	**17.6**	**28.4**	**4.9**	**12**	**8.5**	**9.8**	**6**	**9.0**	**10.9**
Industrial services		20.4	18.2	23.4	5.2		15.6	13.9		9.3	10.5
Office services		14.8	15.1	29.0	4.2		7.7	8.3		4.4	16.4
Telecommunications	**8**	**15.8**	**13.7**	**69.3**	**9.1**	**2**	**12.7**	**4.9**	**12**	**5.6**	**–5.7**
Carriers		14.7	14.2	78.9	10.0		11.8	6.3		5.2	0.1
Manufacturing		16.4	6.9	27.4	2.8		16.9	3.1		7.6	–9.7
Retailing	**11**	**15.6**	**14.2**	**43.2**	**2.6**	**7**	**11.2**	**7.7**	**3**	**11.0**	**0.3**
Apparel		18.3	14.2	36.6	3.4		13.8	12.2		12.4	1.2
Catalog showrooms		12.3	3.3	59.9	0.8		18.1	4.7		–2.7	–69.1
Department stores		12.7	13.4	61.3	2.9		10.8	6.8		13.3	9.3
Discount and variety		15.6	14.2	49.6	2.6		11.2	9.5		10.5	–0.7
Drugs		19.8	18.0	20.9	2.6		13.9	11.0		19.0	9.0
Jewelry		10.6	11.0	32.1	2.2		3.6	0.6		–2.7	–11.0
Shoes		12.7	7.8	25.3	2.4		5.9	–2.2		–2.7	–44.5
Miscellaneous		16.2	17.8	62.8	3.3		13.0	6.7		21.8	–2.6
Banks and thrifts	**12**	**14.7**	**15.4**	**33.3**	**6.6**	**1**	**16.3**	**10.5**	**9**	**6.4**	**16.4**
Multinational banks		14.2	16.0	47.9	5.3		8.9	4.3		3.4	21.5
Northeast banks		15.4	16.0	29.9	8.6		19.7	10.3		10.1	14.7
Mid-Atlantic banks		14.8	17.6	36.4	8.7		14.3	13.7		13.5	17.4
Midwest banks		11.7	12.9	22.1	6.9		11.7	7.8		4.3	22.6
Southeast banks		16.4	18.6	27.3	9.2		20.0	13.5		17.1	17.8
Southwest banks		16.5	10.8	30.3	6.2		19.4	3.6		6.0	–18.0
Western banks		14.1	13.6	57.0	5.9		10.9	5.8		1.2	15.9
Thrift institutions		8.6	15.7	44.9	4.1		23.9	20.6		NM	34.9
Oil	**12**	**14.7**	**4.8**	**47.3**	**1.8**	**23**	**5.5**	**–3.3**	**27**	**–16.2**	**–42.7**
International oils		16.1	8.3	81.6	2.7		2.3	–2.5		–7.0	–37.5
Other oil and gas		13.9	7.6	45.5	2.4		6.1	–7.1		–13.2	–27.6
Oilfield services		14.4	1.4	56.6	0.9		3.5	2.9		NM	–91.6
Computers & electronics	**14**	**14.3**	**8.5**	**22.7**	**2.9**	**5**	**11.9**	**4.3**	**17**	**–1.0**	**–26.3**
Computers		14.5	8.0	29.6	2.9		17.0	6.2		5.9	–24.6
Electronic equipment		13.7	10.7	19.4	3.9		9.7	3.7		–1.4	–17.9
Semiconductors		15.3	2.9	17.6	2.5		14.4	–5.3		3.1	–82.3
Natural gas	**15**	**14.2**	**12.7**	**78.8**	**5.4**	**4**	**12.0**	**–3.7**	**9**	**6.4**	**–12.3**
Producers & pipeliners		16.5	7.2	76.1	3.0		11.6	–5.0		–3.0	–38.8
Distributors		13.7	14.1	82.5	7.6		12.0	–2.5		8.2	–6.2
Integrated		15.0	10.9	74.2	3.8		11.1	–8.0		1.1	–17.9
Electric utilities	**16**	**13.7**	**14.6**	**92.8**	**12.1**	**6**	**11.7**	**2.0**	**8**	**7.8**	**–2.5**
Northeast		14.1	14.5	92.1	12.8		12.5	0.6		7.0	–1.8
Midwest		13.7	14.2	92.8	10.8		11.0	–0.5		7.9	–5.1
Southeast		13.2	14.6	99.0	12.3		11.3	4.7		7.8	1.4
Southwest		14.2	15.5	93.0	13.9		14.6	4.4		8.3	0.9
Western		13.4	13.1	87.6	12.2		13.4	9.9		9.0	–3.4

P-D: Profit to deficit. def: Deficit. NM: Not meaningful.

Industry medians

Yardsticks of management performance

	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Leisure and recreation	**17**	**13.4%**	**11.5%**	**90.8%**	**4.6%**	**17**	**6.3%**	**2.1%**	**25**	**–8.0%**	**5.6%**
Entertainment		11.3	4.9	90.7	3.1		7.6	–2.7		–14.3	–52.7
Hotels and gaming		13.9	14.6	117.5	4.6		6.9	2.4		–9.0	31.0
Recreation		20.7	17.9	24.8	3.7		2.3	5.0		46.2	–8.5
Photography		10.3	6.4	9.7	4.3		1.1	–0.7		–8.0	–27.2
Toys and electronics		18.0	29.1	137.5	6.2		37.5	43.7		NM	42.3
Consumer products	**18**	**13.1**	**14.1**	**28.5**	**4.8**	**21**	**5.6**	**3.4**	**14**	**1.5**	**–2.6**
Appliances		9.0	16.0	37.6	3.9		5.5	6.9		NM	–3.7
Home furnishings		8.8	6.2	27.9	2.3		2.3	–0.6		–4.8	–49.1
Household products		19.1	18.4	8.6	8.2		6.6	3.9		9.4	6.9
Personal products		19.2	14.2	28.1	6.8		7.4	3.9		1.3	–0.6
Insurance	**19**	**12.9**	**10.0**	**12.6**	**3.8**	**11**	**8.8**	**13.6**	**20**	**–3.5**	**3.3**
Brokers		16.4	5.6	41.0	3.2		12.1	36.4		–7.2	102.4
Diversified		13.4	9.9	13.8	3.9		9.9	15.5		–3.5	4.9
Life and health		11.9	11.9	10.8	4.8		13.2	13.5		7.3	9.9
Property and casualty		12.7	6.4	15.4	2.8		6.7	8.0		–14.9	–19.9
Chemicals	**20**	**12.8**	**10.5**	**34.5**	**3.9**	**29**	**2.9**	**–1.6**	**22**	**–4.4**	**–20.3**
Diversified		11.3	8.6	30.8	3.9		2.3	–3.4		–0.9	–29.7
Specialized		15.4	10.8	37.1	3.9		4.5	–0.6		–6.9	–6.7
Diversified companies	**21**	**12.7**	**10.8**	**44.2**	**3.3**	**28**	**3.5**	**0.5**	**23**	**–5.1**	**–7.1**
Multicompanies		10.5	10.8	31.8	3.4		3.7	0.8		–5.1	–6.1
Conglomerates		14.3	10.2	71.1	3.2		3.5	–0.7		–4.6	–7.9
Surface transportation	**22**	**12.5**	**10.9**	**51.3**	**3.6**	**26**	**4.3**	**6.4**	**21**	**–3.9**	**–6.3**
Railroads		11.9	8.3	44.6	5.6		2.3	1.7		–3.9	2.8
Truckers		12.6	13.5	67.5	2.6		5.1	8.7		–7.5	–11.0
Other surface		13.9	7.7	52.8	3.6		5.6	14.2		7.7	–45.3
Paper	**23**	**11.9**	**9.8**	**54.7**	**3.7**	**20**	**5.9**	**2.9**	**18**	**–1.7**	**–22.5**
Packaging	**24**	**11.3**	**11.0**	**39.5**	**4.0**	**19**	**6.1**	**1.6**	**19**	**–2.8**	**–4.8**
Construction	**25**	**11.2**	**10.8**	**31.7**	**3.1**	**27**	**3.7**	**3.1**	**26**	**–8.4**	**–7.6**
Residential builders		7.9	14.1	18.6	3.6		3.4	–12.5		0.4	6.0
Commercial builders		16.0	6.1	27.7	1.1		5.7	5.9		–7.0	–58.6
Cement and gypsum		6.6	2.6	76.7	2.1		0.5	4.0		–34.0	–1.6
Lumber		6.2	3.3	58.4	1.7		4.3	–0.9		–25.7	–53.5
Other materials		11.6	13.6	31.7	4.5		2.9	4.1		–2.8	–0.2
Apparel, shoes & textiles	**26**	**10.9**	**6.2**	**36.6**	**2.1**	**25**	**4.8**	**–6.1**	**4**	**10.6**	**–49.1**
Apparel		13.2	7.3	37.4	2.3		6.5	3.5		14.3	–42.7
Shoes		18.7	8.7	13.9	2.4		10.3	–0.6		10.1	–27.8
Textiles		9.2	2.3	37.7	1.1		2.2	–7.1		6.4	–71.3
Automotive	**27**	**9.8**	**13.6**	**26.0**	**4.0**	**24**	**4.9**	**1.6**	**15**	**0.7**	**–11.4**
Automobiles and trucks		4.6	13.8	21.5	3.9		4.2	1.5		NM	–18.9
Automotive parts		12.2	14.0	30.6	4.4		5.2	3.1		1.4	2.0
Recreational vehicles		13.8	7.4	4.2	2.8		15.3	–14.6		98.0	–16.4
Tire and rubber		6.4	5.9	24.3	1.8		3.2	–3.5		8.9	–37.2
Heavy equipment	**28**	**8.9**	**8.2**	**29.3**	**2.9**	**30**	**–0.4**	**3.1**	**28**	**–19.6**	**–13.6**
Agricultural		def	2.0	262.9	0.6		–10.1	–5.7		–34.4	–64.6
Building and mining		def	1.3	46.0	0.6		–6.8	10.6		NM	–53.9
Industrial		11.5	10.1	27.0	3.9		0.6	3.1		–13.6	–8.0
Air transport	**29**	**4.2**	**12.8**	**131.3**	**2.7**	**9**	**10.2**	**8.7**	**29**	**NM**	**–26.3**
Freight		18.3	def	52.9	def		9.0	1.5		0.8	P–D
Airlines		3.6	13.6	161.5	3.3		10.7	8.9		NM	–20.7
Metals	**30**	**3.1**	**0.6**	**54.9**	**0.4**	**31**	**–2.7**	**–5.4**	**29**	**NM**	**P–D**
Nonferrous metals		3.6	def	66.8	def		–1.7	–8.2		NM	P–D
Steel		3.0	1.2	42.7	0.7		–2.7	–2.1		NM	–86.0
Coal	**31**	**def**	**def**	**45.6**	**def**	**17**	**6.3**	**–5.6**	**29**	**NM**	**P–D**
All-industry medians		**13.7**	**12.7**	**36.6**	**3.8**		**6.9**	**4.3**		**0.3**	**–6.0**

P-D: Profit to deficit. def: Deficit. NM: Not meaningful.

WHO'S WHERE IN THIS ISSUE

In the industry rankings FORBES rates a company against its peers in the same industry. On the following pages, we go broader and show the rank of each company—1,004 in all—against every other company in the survey, regardless of industry. There are three rankings for every firm: five-year profitability, five-year earnings growth and five-year stock market performance. In addition, the last column lists each company's industry survey page. Companies with multiple lines of business appear in as many as three different industries or subindustries. Allied-Signal, for example, is included in the conglomerate subgroup of diversified companies, which begins on page 132, automotive parts, beginning on page 67, and diversified chemicals on page 83.

Company	Rank Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	58	134	348	154, 154
Advanced Micro	61	40	307	116
Aetna Life & Cas	725	765	592	170
HF Ahmanson	888	**	401	72
Air Prods & Chems	377	491	595	83
Albertson's	109	173	166	150
Alcan Aluminium	706	763	807	176
Alco Standard	296	502	370	154, 196
Alexander & Alexander	722	**	753	170
Alexander & Baldwin	385	362	285	208
Alexander's	897	**	344	200
Allegheny Beverage	83	**	38	150
Allegheny International	866	**	870	128, 132
Allegheny Power	440	277	303	136
Allen Group	855	**	550	67
Allied Bancshares	55	103	630	72
Allied-Signal	593	**	650	67, 83, 132
Allied Stores	579	291	183	200
Allied Supermarkets	972	**	141	150, 150
Allis-Chalmers	958	**	943	160
Alltel	452	431	475	210
Alcoa	787	**	678	176
AM International	969	**	915	116
AMAX	928	**	920	109, 176
Amdahl	800	318	820	116
Amerada Hess	643	736	847	186
American Bakeries	914	**	421	144
American Brands	127	498	568	80, 132
Amer Broadcasting	310	472	79	111
American Can	874	**	373	192
American Continental	40	16	8	72
American Cyanamid	647	490	491	83, 154
American District	646	592	392	116
American Electric	651	507	621	136
American Express	246	503	280	142, 170
American Family	534	384	21	170
American General	468	509	233	170
American Greetings	270	94	51	111
American Hoist	933	**	898	128, 160
American Home Prods	19	232	364	128, 154
American Hospital	278	211	560	154
American Info Tech	**	**	**	210
American Intl Group	210	382	268	170
American Maize	785	624	771	144
American Medical	145	142	773	154
American Motors	963	**	830	67
American Natl Ins	693	395	227	170
American Petrofina	547	703	777	186
American President	**	**	**	208
American Standard	434	720	736	122, 122, 208
American Stores	51	47	13	150, 200
American Tel & Tel	**	**	**	210
AmeriTrust	712	483	299	72
Ames Dept Stores	87	82	9	200
Ametek	144	213	548	160
Amfac	883	**	781	132
Amoco	177	369	796	186
AMP	82	315	418	116
Ampco-Pittsburgh	838	**	869	160, 176
AMR	878	**	77	62
Amsted Industries	734	**	716	122, 160, 208
Anchor Hocking	882	**	599	128, 192
Anderson, Clayton	756	652	310	144, 144
Anheuser-Busch Cos	161	121	107	80
Anixter Bros	209	552	705	210
Apple Computer	2	13	878	116
Archer-Daniels	419	485	659	144
Arden Group	638	131	16	150
Arkansas Best	745	**	153	208
Arkla	234	556	723	180
Armco	940	**	929	176
Armstrong Rubber	801	344	212	67
Armstrong World Inds	743	417	204	122
Arrow Electronics	750	**	822	116
Arvin Industries	752	219	174	67, 128
Asarco	917	**	899	176
Ashland Oil	845	**	775	186
Associated Dry Goods	642	201	157	200, 200
Athlone Industries	723	**	766	176
Atlanta Gas Light	707	377	298	180
Atlantic City Electric	599	413	482	136
Atlantic Richfield	254	680	731	186
Automatic Data	190	188	327	166
Avery International	300	198	189	192
Avnet	301	474	594	116
Avon Products	192	700	808	128
Avondale Mills	804	73	385	64
AZP Group	480	460	579	136
Bairnco	469	51	135	116, 122
Baker International	315	**	908	186
Ball Corp	306	236	82	192
Bally Manufacturing	746	**	841	174, 174
Baltimore G&E	514	274	277	136, 180
Banc One	222	220	185	72
Bank of Boston	370	232	312	72
Bank of New England	392	290	**	72
Bank of New York	385	205	247	72
Bank of Virginia	534	113	63	72
BankAmerica	699	718	891	72
Bankers Trust NY	231	259	325	72
Barnes Group	823	**	658	67
Barnett Banks Fla	258	146	200	72
Bausch & Lomb	430	528	743	154
Baxter Travenol Labs	380	695	722	154
BayBanks	411	349	140	72
Bear Stearns Cos	**	**	**	142
Bearings	701	675	608	160
Beatrice	360	451	295	144
Becor Western	906	**	872	58, 160
Becton, Dickinson	639	610	687	154
Bell & Howell	678	**	330	166
Bell Atlantic	**	**	**	210
BellSouth	**	**	**	210
Bemis	696	607	181	192
Beneficial Corp	864	**	388	142, 170, 200
Bergen Brunswig	203	133	293	154
Berkshire Hathaway	783	175	34	132, 170
Best Products	682	704	692	200
Bethlehem Steel	950	**	873	176
Beverly Enterprises	249	77	190	154
Big Bear	10	76	**	150
Big Three Industries	384	633	801	83, 186
Big V Supermarkets	235	681	124	150
Bindley Western Inds	44	81	**	154
Bird	951	**	867	122
Black & Decker	781	**	710	128

Profitability: 5 year return on equity. **Growth:** 5 year annual earnings per share growth. **Stock Market:** 5 year price change. **Not ranked.
Note: A repeated page number indicates that the company is listed in more than one subindustry.

Where to find the company

Company	Rank Profitability	Growth	Stock market	Industry survey page
John Blair & Co	230	526	256	111
Blount	153	92	572	122
Boeing	149	537	536	58
Boise Cascade	842	747	645	122, 192, 196
Borden	531	267	127	83, 144
Borg-Warner	561	395	372	67, 83, 132
Borman's	929	**	206	150
Boston Edison	606	465	440	136
Bowater	160	565	**	196
Briggs & Stratton	385	636	685	160
Bristol-Myers	84	185	258	128, 154, 154
Brockway Inc (NY)	854	766	394	192
Brooklyn Union Gas	377	379	419	180
Brown-Forman	94	161	582	80
Brown Group	285	321	167	64, 200
Browning-Ferris Inds	124	98	125	166
Bruno's	14	64	44	150
Brunswick	66	21	45	174
Burlington Inds	818	608	511	64, 128
Burlington Northern	583	365	376	180, 208
Burroughs	817	516	704	116
Business Men's Assur	486	339	447	170
Butler Manufacturing	853	**	711	122
Cabot	171	600	790	83, 186
Caesars World	454	**	721	174
CalFed	**	**	**	72
California First Bank	751	694	402	72
Cameron Iron Works	735	**	928	186
Campbell Soup	399	348	163	144
Capital Cities	111	143	131	111, 111
Capital Holding	489	341	211	170
Carlisle	77	400	833	122
Carolina Power & Lt	572	435	558	136
Carpenter Technology	545	684	791	176
Carson Pirie Scott	685	454	306	150, 200
Carter Hawley Hale	738	549	554	200, 200
Carteret S&L	**	**	**	72
Caterpillar Tractor	895	**	846	160
CBI Industries	287	664	919	122
CBS	515	592	288	111, 174
Ceco Industries	708	620	264	122
Celanese	733	**	270	64, 83
Centel	267	412	481	210
Centerre Bancorp	716	657	533	72
Centex	614	393	**	122, 122
Central & South West	370	350	399	136
Central Hudson G&E	461	402	555	136
Central Ill Pub Svc	557	422	479	136, 180
Central Maine Power	628	473	729	136
Central Steel & Wire	666	583	586	176
CertainTeed	892	**	368	122
Cessna Aircraft	835	**	684	58
Champion Intl	865	**	751	122, 196
Champion Spark Plug	801	692	749	67
Charter	955	**	941	186
Charter Medical	13	26	114	154
Chase Manhattan	551	542	636	72
Chemical New York	391	275	353	72
Chesebrough-Pond's	128	415	580	128
Chevron	327	637	819	186
Chicago Pneumatic	903	**	668	160
Chromalloy American	923	**	832	132, 160, 208
Chrysler	972	**	14	67
Chubb	586	691	195	170
Church's Fried	102	530	380	150
Cigna	826	**	613	142, 170
CILCorp	571	399	395	136
Cincinnati Financial	180	262	113	170
Cincinnati G&E	594	500	654	136, 180
Cincinnati Milacron	665	**	859	160
Circle K	256	**	251	150
Circuit City Stores	52	27	5	200
Citicorp	399	253	453	72
Citizens & So Ga	279	101	331	72
CityFed Financial	425	**	97	72
Clark Equipment	910	**	813	160
Cleveland Electric	435	261	534	136
Clorox	206	163	73	128
Cluett, Peabody	679	185	95	64
CNA Financial	504	665	111	170
CNW	86	**	769	208
Coachmen Industries	507	5	101	67
Coastal Corp	588	**	669	180, 186
Coca-Cola	111	389	275	80
Coleco Industries	245	**	65	174
Colgate-Palmolive	531	622	381	128
Collins & Aikman	333	37	30	64
Colonial Penn Group	740	**	384	170
Colt Industries	619	**	221	67, 160
Columbia Gas System	579	596	765	180
Columbia S&L	8	**	72	72
Combined Intl	220	477	220	170
Combustion Eng	402	**	864	160
Comdisco	30	56	116	166
Comerica	677	477	340	72
Commercial Metals	651	693	539	142
Commonwealth Ed	519	216	555	136
Commonwealth Energy	338	188	417	136, 180
Computer Sciences	216	545	578	58
Computervision	45	148	923	116
ConAgra	108	282	230	144
Consolidated Edison	466	159	210	136
Consol Freightways	265	487	198	208
Consol Natural Gas	427	238	528	180
Consolidated Papers	257	463	196	196
Consumers Power	719	697	892	136, 180
Continental Corp	840	761	422	170
Continental Illinois	924	**	**	72
Continental Telecom	421	450	573	210
Control Data	773	724	885	116, 142
Cook United	966	**	932	200
Cooper Industries	462	722	825	134, 160
Cooper Tire & Rubber	103	80	241	67
Adolph Coors	799	597	690	80
Copperweld	870	**	874	176
CoreStates Financial	399	169	122	72
Corning Glass Works	729	677	414	128, 154
CPC International	305	580	518	144, 144
Crane	891	**	761	122
CrossLand Savings	**	**	**	72
Crown Central Pet	884	**	855	186
Crown Cork & Seal	660	589	218	192
Crown Zellerbach	878	**	802	196
CSX	691	568	508	180, 208
Culbro	74	276	24	80
Cullum Cos	169	417	346	150

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings per share growth. **Stock Market:** 5-year price change. **Not ranked.
Note: A repeated page number indicates that the company is listed in more than one subindustry.

Where to find the company

Company	Rank			
	Profitability	Growth	Stock market	Industry survey page
Cummins Engine	658	78	321	67
Curtice-Burns	228	177	144	144
Cyclops	844	**	375	176
Cyprus Minerals	**	**	**	109
Dana	674	568	455	67
Dart & Kraft	415	411	231	144
Data General	651	635	644	116
Datapoint	628	734	**	116
Dayco	851	719	591	67, 160
Dayton-Hudson	296	322	105	200
Dayton Power & Lt	559	423	527	136, 180
Dean Foods	70	99	58	144
Deere	841	762	876	160
DeKalb AgResearch	764	701	886	144, 186
Delchamps	110	155	**	150
Delmarva Power & Lt	549	323	343	136
Delta Air Lines	794	**	656	62
Deluxe Check	36	118	169	111
Dennison Mfg	430	449	398	166, 192
DeSoto	628	202	229	122
Detroit Edison	656	459	601	136
Dexter	302	481	671	83
DiGiorgio	857	**	477	150
Diamond Shamrock	744	**	897	186
Dibrell Brothers	275	67	62	80
Digital Equipment	471	447	662	116
Dillard Dept Stores	225	35	4	200
Walt Disney	783	742	452	174
Diversified Energies	338	334	324	180
Dominion Resources	674	387	393	136
RR Donnelley	292	164	160	111
Dorsey	786	**	391	192, 208
Dover	72	338	674	122, 132
Dow Chemical	662	708	679	83
Dow Jones	25	102	226	111
Dravo	909	**	893	122, 122
Dresser Industries	704	764	907	186
El du Pont	621	582	576	83, 186
Duke Power	474	391	472	136
Dun & Bradstreet	12	61	225	111, 111
Duquesne Light	637	425	627	136
DWG	474	497	842	64
Dynalectron	350	154	726	58, 122
E-Systems	165	54	291	58
Eagle-Picher Inds	759	603	617	67, 160
Easco	812	**	513	160, 176
Eastern Air Lines	957	**	806	62
Eastern Gas & Fuel	697	717	792	109, 180
Eastman Kodak	359	644	727	174
Eaton	795	**	367	67, 116
Echlin	623	156	437	67
Jack Eckerd	324	462	625	200
Economics Laboratory	611	**	486	128
Edison Bros Stores	379	586	**	200, 200, 200
EG&G	42	126	499	58, 116
Emerson Electric	140	360	400	128, 134
Emery Air Freight	60	524	714	62
Emhart	283	304	332	160
Engelhard	259	541	755	83, 176
Enserch	348	663	844	122, 180
Entex	122	315	649	180
Equifax	117	252	53	142
Equitable of Iowa	819	705	590	170, 200

Company	Rank			
	Profitability	Growth	Stock market	Industry survey page
Equitable Resources	90	115	463	180
Esselte Business Sys	694	68	**	166
Ethyl	501	425	106	83
Evans Products	945	**	946	200
Ex-Cell-O	541	500	494	58, 67, 160
Exxon	176	480	640	186
Fairchild Industries	528	**	916	58
Farm House Foods	583	588	737	150
Farmers Group	259	329	261	170
Federal Co	605	248	491	144
Federal Express	38	53	300	62
Federal-Mogul	395	525	509	67
Fedl Natl Mortgage	926	**	379	142
Federal Paper Board	393	533	686	192, 196
Federated Dept Stores	447	346	292	200
Ferro	718	671	620	83
Fidelcor	390	15	74	72
Fieldcrest Mills	819	739	624	128
Figgie International	426	486	478	132
Finl Corp of America	123	**	552	72
Fireman's Fund	**	**	**	170
Firestone	880	32	454	67
First Atlanta	214	79	52	72
First Bank System	524	443	412	72
First Boston	49	52	30	142
First Chicago	791	601	544	72
First City Bancorp	509	689	896	72
First Executive	100	25	98	170
First Federal Mich	**	**	**	72
First Fidelity Bncp	365	257	170	72
First Interstate Bncp	459	505	600	72
First of America Bank	432	222	61	72
First Pennsylvania	948	**	585	72
First Security	594	667	672	72
First Tennessee Natl	443	277	164	72
First Union	271	190	128	72
First Wisconsin	568	453	255	72
Fischbach	450	631	786	122
Fisher Foods	810	**	520	150
Fleet Financial	242	178	117	72
Fleetwood Enterprises	481	2	49	67, 122
Fleming Cos	222	176	186	150
Florida Federal S&L	**	**	**	72
Florida Natl Banks	643	88	146	72
Florida Progress	607	358	347	136
Flowers Industries	201	179	47	144
Fluor	588	768	924	122
FMC	705	710	336	58, 83, 132
Food Lion	34	95	41	150
Foodarama Supermkts	900	767	101	150
Ford Motor	828	**	96	67
Fort Howard Paper	97	199	151	192, 196
LB Foster	31	**	921	186
Foster Wheeler	262	641	889	122, 160
Foxboro	770	760	857	160
FoxMeyer	**	71	**	154
FPL Group	597	410	436	136
Freeport-McMoRan	156	687	863	83, 186
Fremont General	152	**	529	170
Frontier Holdings	830	**	542	62
Fruehauf	863	**	616	67
Fuqua Industries	143	**	59	128, 132, 174
GAF	939	**	136	83, 122

Profitability: 5-year return on equity **Growth:** 5-year annual earnings-per-share growth **Stock Market:** 5-year price change **Not ranked
Note: A repeated page number indicates that the company is listed in more than one subindustry

Company	Rank			Industry survey page
	Profitability	Growth	Stock market	
Gannett	116	284	286	111
Gap	140	74	20	200
Gates Learjet	728	**	903	58
GATX	867	**	799	208
Gearhart Industries	494	733	937	186
Geico	20	279	42	170
Gelco	466	**	875	166
GenCorp	856	748	119	67
General Cinema	18	31	33	80, 174
General Dynamics	129	144	545	58
General Electric	157	282	366	128, 132, 134
General Host	198	11	48	200
General Instrument	501	**	883	116, 116, 116
General Mills	188	239	254	144, 150
General Motors	748	4	566	67
General Public Utils	870	153	172	136
General Re	272	647	126	170
General Refractories	941	**	728	160
General Signal	458	564	744	116, 134, 160
Genesco	848	**	871	64, 64, 200
Genuine Parts	185	375	462	67
GEO International	501	**	940	186
Georgia-Pacific	834	740	746	122, 196
Gerber Products	312	226	148	144
Giant Food	132	75	11	150
Gibraltar Financial	912	**	713	72
Gifford-Hill	835	758	665	122
Gillette	199	386	263	128
Glendale Federal S&L	**	**	**	72
Global Marine	311	**	947	186
Godfrey	746	674	474	150
Golden West Finl	295	**	219	72
BF Goodrich	877	**	634	67, 83
Goodyear	710	314	487	67
Gordon Jewelry	620	583	458	200, 200
Gould	798	752	664	58, 116, 116
WR Grace	506	655	843	83, 132, 200
WW Grainger	304	433	423	134
Gt Am First Savings	**	**	**	72
Great A&P Tea	934	**	132	150
Gt Northern Nekoosa	602	536	584	196
Gt Western Financial	886	**	546	72
Greyhound	617	611	345	208
Grumman	459	49	316	58
GTE	455	343	562	210
Gulf & Western Inds	742	**	215	132, 142, 174
Gulf States Utilities	485	436	712	136
Halliburton	319	628	914	122, 186
Hammermill Paper	671	576	444	196
Handy & Harman	357	672	862	176
Hannaford Bros	162	122	22	150
Hanover Insurance	520	698	142	170
Harcourt Brace	518	553	118	111
Harnischfeger	938	**	828	160, 160
Harris Corp	398	632	887	58, 116
Harsco	624	640	451	122, 160
Hartford National	309	328	228	72
Hartmarx	553	147	121	64, 200
Harvey Hubbell	273	372	272	134
Hasbro	28	9	1	174
Hawaiian Electric	713	494	369	136
Heck's	741	**	648	200
G Heileman Brewing	41	226	515	80
HJ Heinz	155	171	88	144
Hercules	626	557	407	58, 83
Hershey Foods	179	213	78	144
Hewlett-Packard	151	89	564	116, 116
Hillenbrand Inds	215	300	213	128, 154
Hilton Hotels	132	511	557	174
Holiday	540	297	397	174
Holly Corp	135	91	633	186
Home Federal S&L	**	**	**	72
Home Group	**	**	**	170
Honeywell	570	585	673	58, 116, 116
Hoover	788	**	145	128
George A Hormel	563	573	178	144
Hospital Corp	208	65	651	154
Household International	631	436	279	132, 150, 200
Houston Industries	561	508	588	136
Hughes Tool	766	**	922	186
Humana	24	42	467	154
Huntington Bcshs	474	451	120	72
EF Hutton Group	62	577	512	142
IC Industries	775	597	304	132, 144, 208
ICH	57	57	7	170
Ideal Basic Inds	899	**	931	122
Idle Wild Foods	539	658	500	144
Illinois Power	405	340	612	136, 180
Illinois Tool Works	296	409	262	160
Imperial Corp of Am	943	**	784	72
Inco	944	**	865	176
Ingersoll-Rand	832	**	837	160
Inland Steel	921	**	805	176
Insilco	534	561	683	116, 122
Inspiration Resources	936	**	**	83, 176
Intel	394	320	607	116
Interco	684	654	596	64, 132
InterFirst	662	**	904	72
Interlake	805	566	480	176
IBM	67	166	396	116
Intl Flavors & Frags	145	492	565	83
Intl Harvester	965	**	918	67
Intl Minerals & Chem	541	668	861	83
Intl Multifoods	451	469	354	144, 144
International Paper	777	745	695	192, 196
InterNorth	308	479	708	180
Interpublic Group	263	439	253	111
Interstate Bakeries	949	**	123	144
Iowa-Illinois G&E	355	292	382	136, 180
Iowa Resources	491	446	597	136, 180
Ipalco Enterprises	448	445	471	136
Irving Bank	478	468	530	72
ITT	698	612	701	132, 170, 210
IU International	217	757	809	132, 208
James River Corp Va	78	124	130	196
Jefferson Smurfit	3	20	**	192, 196
Jefferson-Pilot	577	287	182	170
Jerrico	276	270	459	150
Jim Walter	809	603	531	122, 132
Johnson & Johnson	202	374	603	128, 154
Johnson Controls	464	310	541	67, 166
Earle M Jorgensen	659	727	675	176
Jostens	91	272	313	200
Joy Manufacturing	634	744	858	160
JWT Group	613	660	517	111
K mart	554	270	439	200

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked.
Note: A repeated page number indicates that the company is listed in more than one subindustry.

Where to find the company

Company	Rank: Profitability	Rank: Growth	Rank: Stock market	Industry survey page
Kaiser Alum & Chem	885	**	835	142, 176
Kaman	402	167	112	58, 160
Kaneb Services	462	**	927	186
Kansas City P&L	356	119	523	136
Kansas City Southern	341	251	356	208
Kansas Power & Light	362	242	326	136, 180
Kaufman & Broad	860	**	628	122, 170
Kay	754	**	877	142, 200
Kellogg	46	306	143	144
Kellwood	789	8	60	64
Kelly Services	69	332	69	166
Kemper	655	738	430	170
Kentucky Utilities	668	327	489	136
Kerr Glass Mfg	916	**	661	192
Kerr-McGee	670	709	772	186
KeyCorp	482	286	137	72
Kidde	521	591	581	132
Kimberly-Clark	436	602	274	128, 196
KN Energy	441	516	**	180
Knight-Ridder	327	331	235	111
Koppers	881	**	827	83, 122, 132
Kroger	374	540	363	150
Laclede Gas	464	263	318	180
Lafarge	908	**	**	122
Lear Siegler	184	535	670	58, 67, 132
Leaseway Transport	429	646	699	208
Libbey-Owens-Ford	827	363	424	67, 160
Life Investors	689	258	234	170
Eli Lilly	106	333	567	154
Limited	7	14	3	200
Lincoln National	683	518	257	170
Liquid Air	672	634	788	83
Litton Industries	93	419	752	58, 132, 160
Lockheed	22	**	84	58
Loews	105	229	76	80, 170
Lone Star Industries	821	**	740	122
Long Island Lighting	455	440	884	136
Longs Drug Stores	239	335	469	200
Longview Fibre	846	215	804	192, 196
Loral	290	192	549	58
Louisiana Land	291	679	**	186
Louisiana-Pacific	867	**	720	122
Louisville G&E	604	377	507	136, 180
M Lowenstein	680	19	**	64, 128
Lowe's Cos	331	90	197	200
LTV	887	**	917	58, 176
Lubrizol	251	670	850	83
Lucky Stores	203	548	519	150, 200
Lukens	898	**	691	176
M/A-Com	318	364	901	116, 210
Mack Trucks	911	**	**	67
Macmillan	650	17	39	111
RH Macy	118	100	90	200
Magic Chef	591	44	27	128
Manhattan Industries	511	751	260	64, 200
Manufacturers Hanover	512	471	663	72
Manufacturers Natl	732	367	139	72
Manville	893	**	930	122
Mapco	274	649	793	186
Marine Midland Banks	720	373	411	72
Marriott	101	112	173	150, 174
Marsh & McLennan Cos	89	642	319	170
Marsh Supermarkets	543	673	308	150
Martin Marietta	731	**	553	58, 132
Maryland National	474	326	152	72
Masco	182	381	289	122
Masco Industries	**	**	**	67, 160, 186
Massey-Ferguson	971	**	856	67, 160
Mattel	956	**	696	174
May Dept Stores	344	182	159	200
Maytag	71	324	216	128
MCA	538	587	158	174
McCormick	224	83	431	144
McDermott Intl	796	716	890	160, 186
McDonald's	99	160	147	150
McDonnell Douglas	583	200	598	58
McGraw-Hill	98	209	426	111
MCI Communications	26	28	179	210
McKesson	493	609	535	80, 154
McLean Industries	157	264	**	208
MCorp	212	353	794	72
Mead	774	**	569	192, 196
Media General	289	296	214	111, 196
MEI	43	84	100	80
Mellon Bank	576	436	563	72
Melville	64	223	217	200, 200
Mercantile Bancorp	409	458	337	72
Mercantile Stores	322	137	55	200
Merck	114	425	589	154
Meredith	205	139	129	111, 111
Meridian Bancorp	424	345	**	72
Merrill Lynch	247	619	490	142
MGM Grand Hotels	218	728	374	174
MGM/UA Entertainment	558	545	232	174
Michigan National	838	**	377	72
MidCon	534	401	435	180
Middle South Utils	543	416	795	136
Midland-Ross	896	**	838	134, 160
Midlantic Banks	124	281	99	72
Herman Miller	115	140	134	166
Minn Mining & Mfg	164	513	610	132
Minstar	847	1	6	208
Mission Insurance	919	**	933	170
Mitchell Energy	48	676	905	180, 186
Mobil	421	685	814	186
Mohasco	873	**	209	128
Monarch Capital	695	563	205	170
Monfort of Colorado	266	87	40	144
Monsanto	703	342	643	83
Montana Power	573	579	734	136, 180
Moore Corp	365	554	485	166
Moore McCormack	770	746	829	122
JP Morgan	369	266	338	72
Morrison-Knudsen	441	406	745	122
Morse Shoe	723	**	757	200
Morton Thiokol	130	152	92	58, 83
Motorola	361	285	593	116, 210
Munford	526	23	89	150
Murphy Oil	192	571	854	186
Nalco Chemical	96	506	756	83
Nash Finch	499	408	149	150, 150
Nashua	869	**	689	116, 166
National City	591	429	361	72
Natl Convenience	50	149	222	150
National Distillers	790	726	657	83, 132, 186
National Fuel Gas	530	220	408	180

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked.
Note: A repeated page number indicates that the company is listed in more than one subindustry.

Where to find the company

Company	Rank: Profitability	Rank: Growth	Rank: Stock market	Industry survey page
National Gypsum	669	534	199	122, 122
National Intergroup	937	**	717	72, 176
National Medical	134	59	577	154
Natl Semiconductor	648	**	760	116
National Service	187	311	133	134, 166
National-Standard	904	**	715	176
NBD Bancorp	661	428	194	72
NCNB	335	260	184	72
NCR	443	371	410	116
New England Electric	319	210	328	136
NY State E&G	471	420	505	136
New York Times	138	108	93	111
Newmont Mining	752	756	747	176
Niagara Mohawk Power	478	324	504	136, 180
Nicor	858	**	840	180
NIKE	5	39	642	64
NL Industries	736	**	912	83, 186
Nordstrom	238	132	70	200
Norfolk Southern	529	578	629	208
Norstar Bancorp	380	309	203	72
North American Coal	343	55	441	109
North Amer Philips	559	406	446	116, 128
Northeast Utilities	455	111	359	136
No Indiana Pub Svc	768	571	811	136, 180
No States Power	388	206	309	136, 180
Northern Trust	754	661	267	72
Northrop	338	496	323	58
Northwestern Natl Life	811	678	427	170
Northwestern Steel	913	**	853	176
Norton	654	713	868	160
Norwest	676	683	750	72
Nucor	227	618	623	176
NVF	961	**	936	176
NWA	872	145	371	62
Nynex	**	**	**	210
Oak Industries	959	**	942	116
Occidental Petroleum	163	755	739	144, 186
Ogden	586	706	707	132
Ohio Casualty	527	711	355	170
Ohio Edison	568	356	618	136
Oklahoma G&E	525	195	450	136
Old Republic Intl	236	413	161	170
Olin	770	336	483	83, 132
Oneok	358	570	798	180
Orange & Rockland	512	387	357	136, 180
Outboard Marine	726	18	83	174
Owens-Corning	757	467	637	122
Owens-Illinois	780	662	378	192
Oxford Industries	229	38	64	64
Paccar	554	650	646	67
Pacific Gamble	825	737	697	150, 150
Pacific G&E	500	347	470	136, 180
Pacific Lighting	505	520	390	180
Pacific Resources	631	**	735	186
Pacific Telesis	**	**	**	210
PacifiCorp	415	304	615	136
Paine Webber Group	351	639	420	142
Palm Beach	353	615	415	64
Pan Am	954	**	468	62
Panhandle Eastern	294	595	812	180
Pantry Pride	972	**	297	150
Parker Drilling	686	**	935	186
Parker-Hannifin	482	626	526	160
Parker Pen	805	**	694	166
Payless Cashways	211	114	301	200
Penn Central	762	**	409	116, 132, 186
Penn Traffic	709	614	464	150
JC Penney	599	207	320	200
Pennsylvania P&L	615	530	497	136
Pennwalt	775	644	624	83
Pennzoil	183	707	666	186
Pentair	170	470	176	160, 196
People Express	876	**	243	62
Peoples Energy	433	499	322	180
PepsiCo	293	590	283	80, 144
Perini	657	688	**	122
Perkin-Elmer	352	567	800	58, 116
Petrie Stores	165	527	224	200
Pfizer	212	173	465	154
Phelps Dodge	930	**	879	176
PHH Group	88	136	559	166
Phibro-Salomon	47	625	150	142, 142
Philadelphia Electric	579	370	655	136
Philip Morris Cos	80	208	502	80
Phillips Petroleum	334	617	849	186
Phillips-Van Heusen	715	85	46	64
Piedmont Aviation	167	457	177	62
Pillsbury	283	293	175	144, 150
Pioneer	26	244	826	186
Pioneer Hi-Bred Intl	94	397	521	144
Pitney Bowes	249	329	240	116
Pittston	907	**	888	62, 109
Pittway	331	431	434	111, 128, 192
PNC Financial	280	196	**	72
Polaroid	862	656	575	174
Ponderosa	721	521	349	150
Portland Genl Electric	410	117	473	136
Potlatch	814	699	742	122, 196
Potomac Electric	484	240	245	136
PPG Industries	509	474	282	67, 122
Price Co	1	7	2	200
Primark	796	43	641	180
Prime Computer	23	151	834	116
Procter & Gamble	178	308	438	128, 128
Provident Life & Acc	494	359	315	170
PSA	807	**	810	62
PSFS	**	**	**	72
Public Service Colo	597	303	609	136, 180
Public Service Ind	545	695	906	136
Public Service NH	486	433	882	136
Public Service E&G	612	398	476	136, 180
Pueblo International	792	557	81	150
Puget Sound P&L	641	550	660	136
Pulte Home	54	138	91	122
Purolator Courier	237	464	815	62, 67
Quaker Oats	353	488	115	144
Quaker State Oil	635	616	688	186
Questar	402	183	653	180
Rainier Bancorp	515	383	248	72
Ralston Purina	299	181	80	144, 144
Ramada Inns	918	**	706	174
Raychem	382	559	693	134
Raytheon	154	559	767	58, 116, 132
RCA	766	**	532	111, 128, 132
Reading & Bates	341	743	934	186
Reichhold Chemicals	782	234	242	83

Profitability: 5 year return on equity **Growth:** 5 year annual earnings per share growth **Stock Market:** 5 year price change **Not ranked
Note: A repeated page number indicates that the company is listed in more than one subindustry

Company	Rank Profitability	Growth	Stock market	Industry survey page
Republic Airlines	967	**	551	62
Republic New York	107	265	525	72
RepublicBank	314	402	700	72
Research-Cottrell	813	702	538	166
Resorts Intl	778	**	493	174
Revco DS	120	135	413	200
Revere Copper	932	**	817	176
Revlon	567	682	681	128, 154
Rexnord	833	754	816	160
RJ Reynolds Inds	73	217	583	80, 144
Reynolds Metals	861	**	748	176
Riggs National	588	495	362	72
Rite Aid	75	97	335	200
RLC	729	723	676	208
Roadway Services	140	247	484	208
Robertshaw Controls	662	150	208	134
HH Robertson	316	666	702	122
AH Robins	946	**	778	154
Rochester G&E	489	193	429	136, 180
Rockwell Intl	218	246	561	58, 67
Rohm & Haas	406	226	202	83
Rohr Industries	413	29	85	58
Rollins	692	466	**	166
Roper Corp	672	72	250	128
Rorer Group	137	460	360	154, 154
Rose's Stores	370	63	35	200
Rubbermaid	253	125	43	128
Ruddick	412	250	305	150
Ryan Homes	726	638	725	122
Ryder System	233	242	239	208
Rykoff-Sexton	565	249	154	150
Safeco	574	574	259	170
Safeway Stores	564	404	294	150
Saga	173	12	36	150
St Paul Cos	801	**	403	170
San Diego G&E	436	116	329	136
Sanders Associates	239	184	709	58, 116
Santa Fe Southern	681	523	**	208
Sara Lee	232	223	94	144
Savannah Foods	15	106	28	144
Savin	962	**	909	166
Scana	547	355	460	136, 180
Schering-Plough	346	599	604	128, 154
Schlumberger	33	307	895	116, 186
SCI Systems	241	33	278	116
SCM	765	669	191	122, 132
SCOA Industries	65	311	193	200
Scott & Fetzer	362	360	249	111, 132
Scott Paper	717	594	350	128, 196
Sea-Land	**	69	**	208
Seagram	448	128	334	80
Sealed Power	407	230	389	67
Sears, Roebuck	700	204	266	170, 200
Seaway Food Town	615	714	339	150
Security Pacific	306	294	387	72
Service Merchandise	175	156	271	200
ServiceMaster Inds	6	93	333	166
Shaklee	147	514	682	128
Shaw Industries	261	110	29	128
Shawmut	608	288	238	72
Sheller-Globe	807	254	71	67
Sherwin-Williams	523	66	66	200, 200
Shopwell	837	**	162	150

Company	Rank Profitability	Growth	Stock market	Industry survey page
Singer	822	**	165	58, 128
Skyline	843	621	738	67, 122
AO Smith	925	**	265	67
Smith International	815	**	939	186
Smithfield Foods	517	715	101	144
SmithKline Beckman	29	313	763	154, 154
Snap-on Tools	147	423	433	67
Society	631	394	207	72
Sonat	191	180	733	180
Sonoco Products	276	379	155	192
Southeast Banking	486	503	448	72
Southern Calif Edison	408	279	449	136
Southern Company	473	212	506	136
So New England Tel	533	337	269	210
Southern Union	769	**	767	180
Southland	323	237	201	150, 186
Southmark	196	3	188	142
Southwest Airlines	59	235	287	62
Southwest Forest Inds	915	**	894	122, 196
Southwestern Bell	**	**	**	210
Southwestern Pub Svc	192	225	351	136
Sovran Financial	317	162	**	72
Sperry	737	686	818	58, 116
Springs Industries	760	240	358	64, 128
Square D	186	575	626	134
Squibb	494	367	252	154
Staley Continental	470	730	770	144
Stanadyne	382	298	432	122, 160
Std Commercial Tob	243	456	273	80
Standard Oil Ohio	17	512	824	186
Stanley Works	498	510	495	128, 160
State Street Boston	131	70	18	72
Stater Bros	**	**	**	150
Sterling Drug	330	448	516	128, 154
JP Stevens	889	**	460	64, 128
Stewart & Stevenson	829	**	788	160
Stewart-Warner	824	729	677	160
Stone Container	594	**	244	192
Stop & Shop Cos	200	48	32	150, 200
Storage Technology	935	**	945	116
Storer Communications	890	**	171	111
Strawbridge	610	106	26	200
Student Loan	11	10	**	142
Subaru of America	4	34	15	67
Sun Chemical	579	721	498	83, 116
Sun Company	396	658	732	186
Sundstrand	286	647	779	58, 160
SunTrust Banks	**	140	**	72
Super Food Services	554	96	56	150
Super Valu Stores	53	165	192	150
Supermarkets General	126	158	50	150
Swift Independent	76	653	406	144
Sybron	902	**	638	154
Sysco	172	120	156	150
Talley Industries	920	**	110	58, 128
Tandem Computers	192	45	831	116
Tandy	9	58	570	116, 200
TECO Energy	397	357	456	136
Tecumseh Products	370	421	405	160
Tektronix	388	538	797	116
Teledyne	121	474	442	58, 132, 170
Telex	37	6	10	116
Temple-Inland	**	**	**	122, 192

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked
Note: A repeated page number indicates that the company is listed in more than one subindustry.

Where to find the company

Company	Rank Profitability	Growth	Stock market	Industry survey page
Tenneco	446	623	821	180, 186
Tesoro Petroleum	119	753	880	186
Texaco	636	749	839	186
Texas Air	968	**	606	62
Texas American Bcshs	439	455	741	72
Texas Commerce Bcshs	136	172	803	72
Texas Eastern	336	581	774	180
Texas Instruments	649	**	783	58, 116
Texas Oil & Gas	21	60	758	180
Texas Utilities	344	288	543	136
Textron	760	629	522	58, 132, 160
Thorn Apple Valley	666	**	785	144
Thrifty Corp	280	197	68	200
Tidewater	702	**	926	186
TIE/Communications	35	22	698	210
Tiger International	960	**	910	62
Time Inc	180	24	**	111, 111
Times Mirror	220	299	284	111
Timken	831	**	836	160, 176
Todd Shipyards	81	375	680	58
Toledo Edison	549	352	635	136
Torchmark	494	187	57	170
Toro	927	**	622	128
Tosco	947	**	938	186
Toys "R" Us	63	50	25	200
Tracor	189	168	587	58
Trans World Airlines	**	**	**	62
Transamerica	575	643	488	170
Transco Energy	226	318	780	180
Transway Intl	710	651	501	208
Transworld	329	170	**	150, 174
Travelers	625	627	290	170
Tribune	645	551	**	111
Trinity Industries	348	**	881	122
TRW	303	529	652	58, 67, 132
Turner	56	109	352	122
Tyco Laboratories	92	562	466	166, 192
Tyler	312	492	510	83, 116, 122
Tyson Foods	418	36	17	144
UAL	859	**	237	62
UGI	739	758	851	180
Union Camp	427	543	571	192, 196
Union Carbide	757	741	667	83, 132
Union Pacific	639	630	852	186, 208
United Brands	905	**	602	144, 144
United Energy	247	750	759	180
United Illuminating	325	301	619	136
United Merchants	953	**	108	64
US Bancorp	453	532	574	72
US Home	851	**	900	122
United States Shoe	159	255	75	64, 200
United States Steel	894	**	730	176, 186
United Technologies	326	392	611	58, 122, 132
United Telecom	346	555	647	210
United Virginia Bkshs	282	203	138	72
Univar	507	515	514	83
Universal Foods	375	351	281	144
Universal Leaf	207	301	631	80, 170
Unocal	243	442	845	186
Upjohn	252	539	425	154
US West	**	**	**	210
USAir Group	139	385	524	62
USF&G	609	712	496	170
USG	491	489	236	122, 122
USLife	687	735	537	170
Utah Power & Light	627	519	540	136
Valero Energy	197	**	913	180
Valley National	417	545	547	72
Varian Associates	688	**	445	116
VF	32	46	23	64
Vulcan Materials	268	543	383	83, 122
Wachovia	319	129	104	72
Wal-Mart Stores	16	30	19	200
Waldbaum	413	231	86	150
Walgreen	113	105	37	200
Wang Laboratories	39	41	764	116
Warnaco	254	390	109	64
Warner Communications	931	**	776	174
Warner-Lambert	601	123	404	154, 154
Washington Gas Light	618	256	443	180
Washington National	779	731	724	170
Washington Post	85	104	54	111
Waste Management	104	86	341	166
Del E Webb	849	294	314	122, 174
Weis Markets	150	191	87	150
Wells Fargo	522	441	365	72
Wendy's Intl	68	129	67	150
West Point-Pepperell	566	267	416	64, 128
Western Air Lines	964	**	823	62
Western Co No Amer	368	**	944	186
Western Union	901	**	866	210
Westinghouse	337	366	180	58, 132, 134
Westmoreland Coal	922	**	787	109
Westvaco	578	522	503	196
Wetterau	551	269	302	150
Weyerhaeuser	816	725	782	122, 196
Wheeling-Pittsburgh	942	**	902	176
Whirlpool	263	218	295	128
White Consolidated	850	**	639	128
Whittaker	269	613	848	132, 154
Wickes Cos	970	**	911	200
Wicor	690	482	605	180
Willamette Inds	748	690	632	122, 196
Williams Cos	714	605	860	83, 180
Wilson Foods	952	**	719	144
Winn-Dixie Stores	168	354	342	150
Winn Enterprises	**	**	187	144
Wisconsin Electric	445	194	246	136, 180
Wisconsin P&L	364	245	311	136, 180
Wisconsin Public Svc	423	317	276	136, 180
Witco	375	430	428	83
FW Woolworth	875	**	317	200, 200
Worthington Inds	79	444	457	176
Wm Wrigley Jr	419	405	223	144
Wyman-Gordon	174	273	703	58
Xerox	622	732	754	116, 170
Yellow Freight System	602	127	168	208
Zale	762	**	718	200
Zapata	288	484	925	144, 186
Zayre	367	62	12	200, 200
Zenith Electronics	793	**	762	116, 128
Zurn Industries	436	606	386	160

Profitability: 5 year return on equity. **Growth:** 5 year annual earnings per share growth. **Stock Market:** 5 year price change. **Not ranked
Note: A repeated page number indicates that the company is listed in more than one subindustry.

Opponents of the current system of utility taxation may not be fighting the battle that they really want to win.

Phantom taxes or phantom issue?

By Richard Greene

MOST LARGE COMPANIES use investment tax credits and accelerated depreciation to get interest-free loans from Uncle Sam that show up as deferred taxes. But when utilities do it, the credits are dubbed "phantom taxes" by critics and the utilities get into hot water.

"I certainly don't think consumers should be paying money to a utility for taxes that aren't being paid to the government," says Richard M. Kessel, chairman of the New York State Consumer Protection Board, a government agency. "Consumers should only pay for power they're getting."

Over the last decade a series of bills have been brought to Congress that would make Kessel happy. Currently alive is one sponsored by Senator Tom Harkin (D–Iowa) and Representative Byron Dorgan (D–N.D.) called the Electric Utility Tax Reform Act of 1985. It would permit state utility commissioners to order utilities to "flow through" their tax benefits to customers by lowering rates.

Among groups supporting the Harkin-Dorgan bill are the American Association of Retired Persons, the United Auto Workers, Friends of the Earth, the United Methodist Church, the National Taxpayers Union and the Sierra Club.

Big bucks are at stake here. The Environmental Action Foundation, a nonprofit group that keeps tabs on utilities, says the 125 largest publicly held utilities had $41.5 billion in deferred taxes at the end of 1984. And the numbers keep growing. In 1984 those utilities had a record $7.4 billion in federal taxes they did not have to pay that year. Pacific Gas & Electric of California alone accrued some $526 million in 1984 deferred taxes; Commonwealth Edison of Illinois, $402 million; and Alabama Power Co., $234 million.

All this talk of forcing utilities to hand that kind of money over to their ratepayers makes power company officers blow a fuse. "At first we thought these people just didn't understand what they were talking about," says Edward Crosby, a spokesman for the Alabama Power Co., "but I've become convinced that they really understand, and distort the facts to attack privately owned utilities."

Crosby and other utility spokesmen point out that deferred taxes are not forgiven taxes. They will ultimately be paid. More important, investment tax credits and accelerated depreciation are tax benefits Congress put into place specifically to encourage capital investment. If the tax credits are flowed through to ratepayers, then utilities will eventually be forced to borrow the money they need for upkeep of current plant and equipment and for new building projects.

And who will eventually pay the interest charges on that debt? The consumer, of course.

So what's the real issue here? Just this: Proponents of this bill argue that utilities made a big mistake in building generating capacity over the last 15 years that now is not needed. If the tax system hadn't encouraged building, then they wouldn't have made some of these mistakes.

As Richard E. Morgan, research coordinator for the Environmental Action Foundation, recently wrote, "As long as a utility keeps growing, it can continue to postpone paying most or all of its federal income taxes. This powerful growth incentive encourages utilities to rely on costly central-

Tempting target

There is no question that the amounts of money that utilities accumulate in deferred taxes are enough to get anyone's attention. Below, the ten publicly held utilities that, according to the Environmental Action Foundation, accumulated the most deferred taxes in 1984. Those with negative figures under "federal income taxes owed," of course, received refunds in 1984.

Utility	Federal income taxes charged to customers	1984 Income taxes owed	1984 Deferred taxes	Accumulated deferred taxes and credits
		(millions)		
Pacific Gas & Electric	$496.7	–$28.9	$525.5	$969.2
Southern Calif Edison Co	575.9	140.5	435.4	399.0
Commonwealth Edison (Ill)	426.9	25.4	401.5	2,135.7
Alabama Power Co	189.5	–44.4	233.8	1,075.0
Public Service Elec & Gas Co (NJ)	255.3	21.6	233.7	1,355.0
Florida Power & Light	244.7	38.3	206.4	1,630.8
Philadelphia Electric Co	203.9	5.6	198.3	822.1
Long Island Lighting Co	197.1	16.2	180.9	283.4
Houston Lighting & Power Co	232.1	55.5	176.7	1,033.7
Pa Power & Light Co	172.2	0.4	171.7	497.9

Source: Reports filed by individual utilities to Federal Energy Regulatory Commission as compiled by the Environmental Action Foundation

ized generating technologies and discourages them from pursuing energy conservation and alternative energy strategies."

Aside from the obvious fact that no utility would have risked the pain of overcapacity for the tax goodies available, there's another contradiction in that statement: What possible good could come from putting more power into the hands of the state utility commissioners, as the Harkin bill recommends? Weren't these the men and women who approved the building that created all this overcapacity in the first place? Fifteen years ago, when the utilities were assuming that electricity demand would be growing at 7% a year, you didn't hear many commissioners protesting.

Besides, if you want to stop tax benefits that may encourage building, there's a more direct route, one which many of the proponents of the Harkin bill are also pursuing. Congress, as part of the big tax reform package, is thinking of doing away with all investment tax credits.

But then, debating the pros and cons of investment tax credits might not be as popular an issue among voters as the promise of lower utility rates—however briefly. ■

Numbers Game

Can accountants predict the future, and who would believe it even if they could? Plaintiffs' lawyers, that's who.

Auditing the tea leaves

By John Hayes

TOWARD THE END of the prospectus for Signature VII Ltd., an Indiana limited partnership to invest in Midwest motels, is Exhibit B showing the cash distributions, tax savings and aftertax returns an investor may expect for the first ten years.

Run your finger across the numbers for the seventh year, and you see that a 42%-bracket investor will earn a 17.45% aftertax annual return.

Really? None of the tables in Exhibit B are audited, and the footnotes contain a regiment of caveats. The first footnote warns that the illustration represents "events based on assumptions which . . . may not be relied on to indicate the actual results which will be obtained." The second footnote: "These figures should not be considered projections. They are for illustrative purposes only."

Currently there is no federal requirement that such discussions of what might happen in the future be audited. But investors rely on forecasts, and audited figures can be an important sales tool in any offering. Issuers want that certification. Now, after more than ten years of work, the Auditing Standards Board has completed binding guidelines for auditing "prospective financial information."

The rules, which go into effect in September, are sorely needed. Were Signature VII to ask an accountant to audit its numbers, the new standards would forbid him to, because the numbers are only projections based on hypotheses: What if we rent 60% of the rooms our first year? What if we charge $40 a night and raise that 5% every year? What if we pay 13% for our mortgage?

Had those been the sponsor's best estimate of actual future conditions, and were they backed by supporting evidence instead of mere hypotheses, then the accountant could label them forecasts and proceed with his audit.

But not if they are projections. Under the new rules, projections are acceptable only when interested parties are in direct contact. But investors can't sit down with management and discuss why various assumptions have been made.

Of course, there are some things a prospectus should not try to forecast: For example, what accountant could certify predictions of the future earnings of a racehorse in syndication? If you could do that, says Ernst & Whinney's George Duva, "you should get out of the accounting business and go into the horse-betting business."

Since when do accountants dictate how a prospectus should be worded? Isn't that the province of the Securities & Exchange Commission?

Well, yes. In fact, the SEC has been actively encouraging financial forecasts since 1979. Few companies have responded for fear of lawsuits if the forecasts turn out to be in error (FORBES, *Oct. 21, 1985*). So the SEC has yet to spell out how the information should be presented, or even if it should be audited.

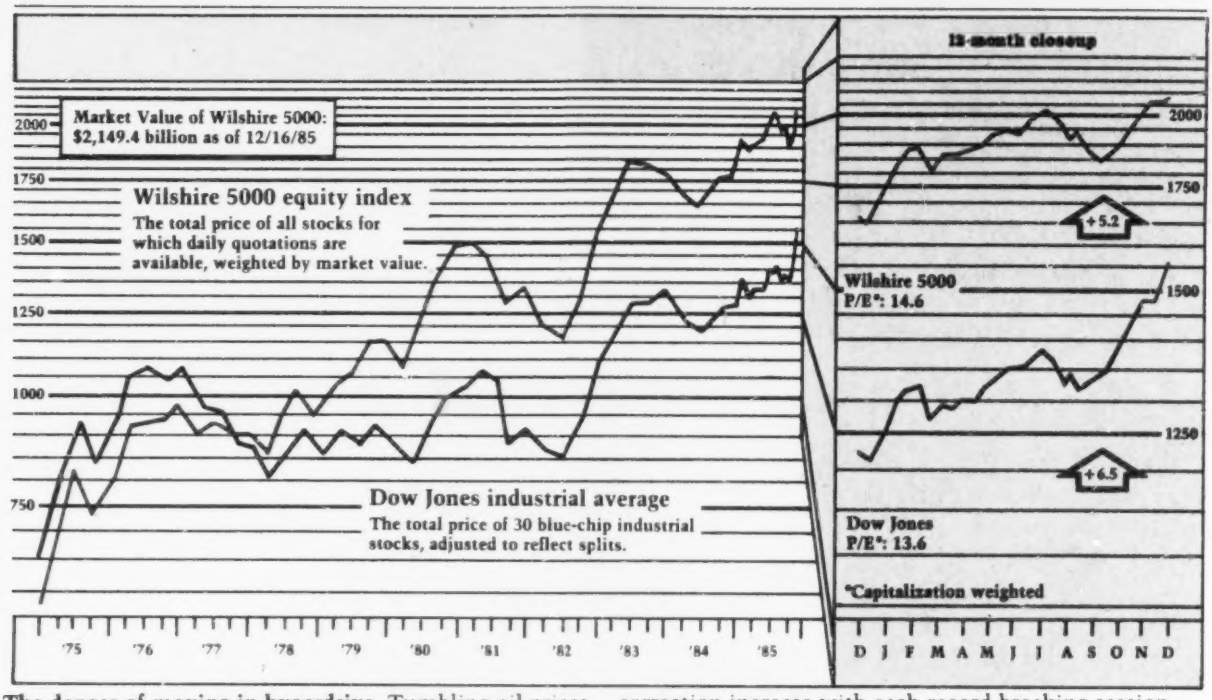
For accountants who have always clung fiercely to historical cost, those rules break new ground—"relatively dangerous ground," worries Dennis Beresford, partner at Ernst & Whinney. "But this is something investors want." And need.

Will auditor liability be increased? Probably. But lawyers feel full disclosure provides substantial protection for sponsors and auditors alike. "If you've ever read one of these things," says Jeffrey Rubenstein of Sachnoff, Weaver & Rubenstein, "it says every project is going to go bankrupt, and the general partner is going to steal all the money. When that happens the answer is, 'We told you so.' "

Forecast auditing is just a first step, says Coopers & Lybrand's Jerry Sullivan, the new chairman of the Auditing Standards Board. For the future, his committee will consider whether auditors should be prepared to evaluate disclosure of significant risks an investor may face in buying a specific security. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



The danger of moving in hyperdrive. Tumbling oil prices and interest rates are pushing up stock prices—almost 100 points on the Dow industrials in the last two weeks. During the same time the market capitalization of the Wilshire index increased by $107 billion—$17 billion on just the final day of the period.

Is this sustainable? Of course not. The economic outlook has improved and analysts have tempered their recent cuts in 1986 earnings estimates, but prospects for a correction increase with each record-breaking session.

Consider that the nearly 5,500 issues that make up the Wilshire index now sell at 14.6 times latest 12-month earnings. That means buyers at today's prices are getting an earnings yield—the reciprocal of the P/E—of only 6.8%, compared with 9.5% on long-term Treasury bonds.

Perhaps, as some have predicted, the Dow will flirt with the high teens later in the year. But the averages won't continue moving upward in a straight line.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.4	6.7	7.9	6.4	3.2	6.2
in last 52 weeks	30.4	32.3	32.0	29.1	22.3	36.4

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.5	4.4	6.5	4.4	5.5	6.2	3.7	5.3	6.4	6.3	6.7	1.5
in last 52 weeks	32.5	35.5	54.7	36.5	34.2	37.1	28.8	48.7	53.3	36.4	42.2	21.5

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

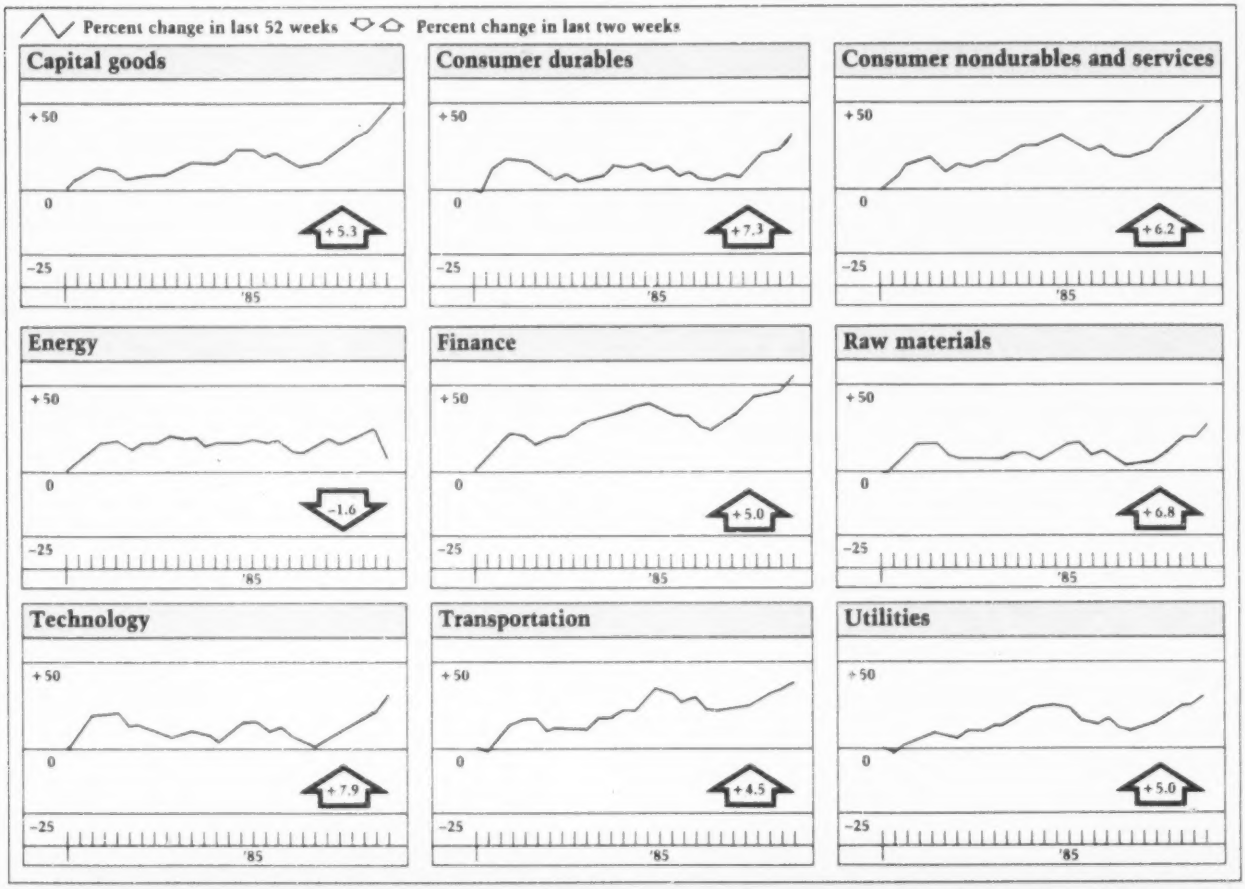
Note: All data for periods ending 12/16/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Guy French

Where The Action Is

Takeovers add to a sizzling market. The 5.2% rise in the Wilshire index during the last two weeks was broadly based. But merger deals and battles helped. Leading the 7.3% rise in consumer durables was RCA, with a 27.3% gain, following the electronics and entertainment giant's agreement to be acquired by General Electric. In turn, GE had the greatest rise (nearly 14%) of the major stocks in the capital goods sector.

Falling oil prices and continued doubts about Texaco gave the energy group a 1.6% loss. This decline would have been even sharper but for a 23% rise in MidCon, a diversified gas pipeliner and energy company, which became a target of a partnership between Freeport-McMoRan and the privately owned Wagner & Brown.



What The Analysts Think

What a difference a year makes. Last year at this time the estimated P/E for the Forbes Sales 500 for fiscal year 1985 was 7.8. Since then the Dow has jumped over 375 points. Latest IBES projections show the Forbes 500 selling at 10.2 estimated earnings for the new fiscal year 1986. Estimates are clearly not keeping pace with the rising market.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.21	13.6
1985 estimates	3.65	12.0
1986 estimates	4.28	10.2

Rank based on change in estimate	Sector	Estimated 1985 EPS	Estimated 1985 P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Consumer durables	5.01	9.5	0.86	0.66
2	Utilities	3.46	8.8	0.35	0.05
3	Finance	3.07	12.0	-0.11	-0.37
4	Consumer nondurables	2.32	15.1	-0.22	-0.68
5	Energy	3.42	8.7	-0.35	-1.28
6	Capital goods	2.45	15.0	-0.45	-2.05
7	Technology	2.48	16.3	-0.61	-2.36
8	Raw materials	1.67	13.7	-1.58	-5.01
9	Transportation	2.12	13.7	-2.03	-5.05

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 12/16/85. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

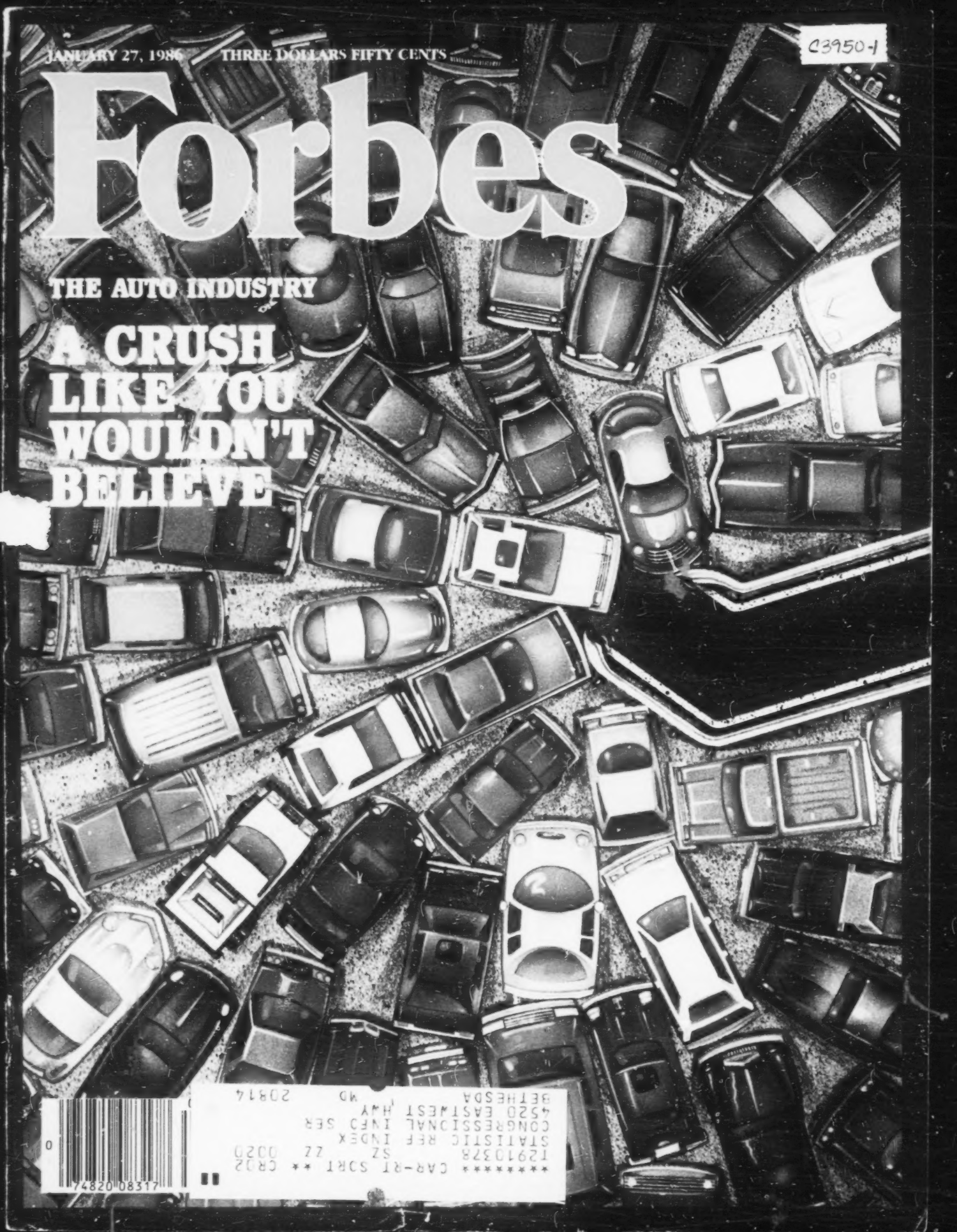
C3950-1

JANUARY 27, 1986 THREE DOLLARS FIFTY CENTS

Forbes

THE AUTO INDUSTRY

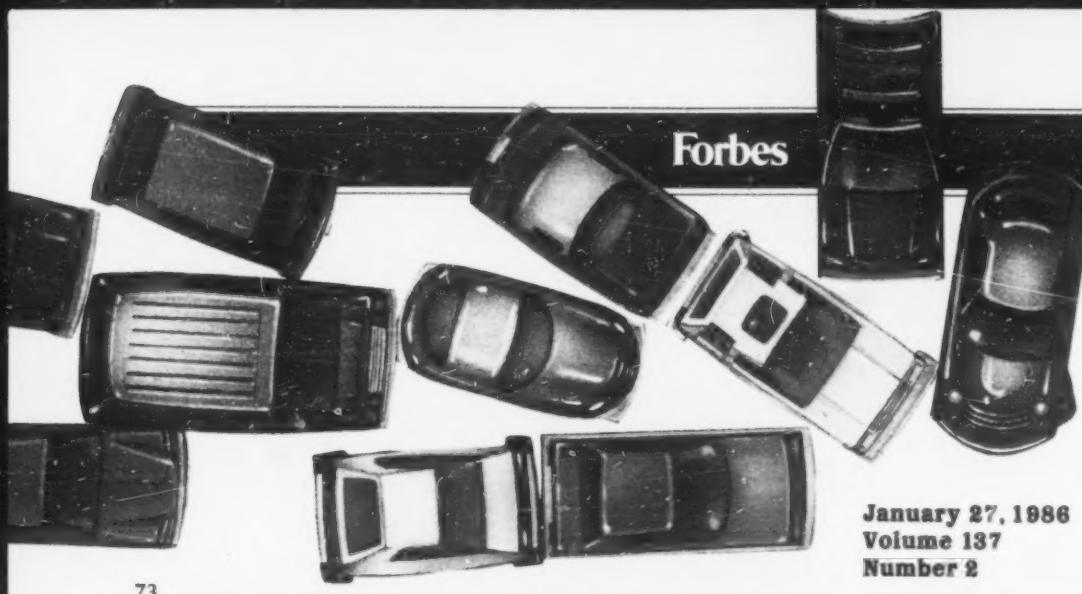
A CRUSH LIKE YOU WOULDN'T BELIEVE



74820 08317

********* CAR-RT SORT ** CR02
I2910328 SZ ZZ 0020
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes



January 27, 1986
Volume 137
Number 2

73

The editorial index of companies referred to in this issue is on pages 128 and 129.

Companies

34 Tektronix Inc.
The Japanese taught Tektronix a lesson: Creativity alone is not enough; attention must be paid to manufacturing.

36 Komatsu Corp.
By raising prices, Komatsu is signaling weakness in the selling war for heavy construction equipmen That's good news for hard-pressed Caterpillar.

40 The Up & Comers
Disclosure Information Group is a brilliant success story but with an unhappy ending, at least for now. They made the mistake of taking their meal ticket for granted. Also: Building a business in used personal computers.

69 Cablevision Systems Corp.
Shrewd Charles Dolan's company proposes to spin off 319,000 of its subscribers to investors. But if they peruse the financials, they may have second thoughts.

80 Comdisco, Inc.
Ken Pontikes, the founder and chief executive of the country's largest independent computer leasing firm, proves that you can't keep a sharp trader down.

Finance

30 Pyramid Power
Thanks to junk bonds, Ronald Perelman has used one (borrowed) dollar of his own to control 2,300 of other people's dollars. His $4.4 billion pyramid puts those of Pharaoh Khufu and Samuel Insull in the shade.

64 Enough, Already
Frank Morgan is the man behind Kansas City's building boom. Where does that leave him if the boom goes bust?

Trade

32 Shopping The Great Satan
More than $1 billion a year in U.S. weapons, parts and secrets are being smuggled to Iran's pro-terrorist theocratic government.

33 U.S.-Soviet Trade
Those comradely toasts in Moscow notwithstanding, the U.S.S.R. has little to sell and so not much it can buy.

Industries

73 Cover Story: Automobiles—"Best Car Wins"
The next 18 to 24 months will be the wildest in the industry's history. Predictions are risky, but it seems likely that General Motors will have to settle for either reduced market share or lower profitability.

81 Construction: Japanese Builders
It's nice the Japanese are manufacturing here. But look who's building and outfitting their U.S. factories.

Departments

6 Side Lines
8 Trends
10 Follow-Through
12 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
131 Flashbacks
132 Thoughts

Money & Investments

25 What's Ahead For Business
26 The Forbes Index
107 The Forbes/Wilshire 5000 Review

Columnists

116 Ben Weberman
117 Ann C. Brown
118 Srully Blotnick
120 Kenneth L. Fisher
124 Stanley W. Angrist

30

60

Regions

60 "The Yields Were Spectacular"
If you're looking for hard times in the farm belt, skip the Illinois prairie country, which seems to be doing fine.

Investing

110 The Funds: The Six-Month Performance Update
FORBES' update on almost 300 mutual funds shows they performed well in the second half of 1985. But Peter Lynch, manager of Magellan Fund, fears a blowout now that stock prices have doubled from mid-1982.

126 Streetwalker
McLean Industries; Kinder-Care Learning Centers, Inc.; Haber, Inc.; Toys "R" Us; Equion Corp.; Wells Fargo & Co.

Taxing Matters

50 There Will Be Tax Reform In 1986
Tax expert David Berenson predicts, along with much else, that state and local deductions will again be targeted, and deductions for employee benefits and nonmortgage interest expense will come under fire.

On The Docket

46 Legal Costs
Some encouraging words: Judges are cracking down on outrageous legal fees and frivolous suits.

Marketing

86 Swatch Tries Sweatshirts
Is it scaling another peak, or being arrogant about transferring a brand name? Also: Banks find customers want courtesy more than new financial products.

Technology

88 Supercomputers
With new technology borrowed from the Defense Department, the pace of change in making computers more powerful yet smaller may speed up dramatically. Also: The dynamic notebook is coming—a clipboard-size computer that you can fill with everything from shopping lists to stock portfolios.

Personal Affairs

94 Contact Lenses: New Ways To See, Feel And Look
Twenty million Americans wear contacts, and lens makers expect to double that number by offering new types of hard-soft, extended-wear and tinted lenses. They may even offer something for middle-age reading difficulties.

Careers

98 Help Wanted To Trade Commodities
It takes the nerves of a burglar, the discipline of a Marine, lungs of leather and the grit of a linebacker. It also helps if you're smart. The rewards? Big money, fast. The risks? Big losses, fast.

100 Venture Capital
Straight talk on how you can get startup capital. And what you must surrender to get it.

Faces Behind the Figures

102 Antonio Gebauer, *Drexel Burnham Lambert*
102 Robert Fomon, *E.F. Hutton*
102 Jeno Paulucci, *Pizza Kwik*
104 Jerry Cohen, *lawyer*

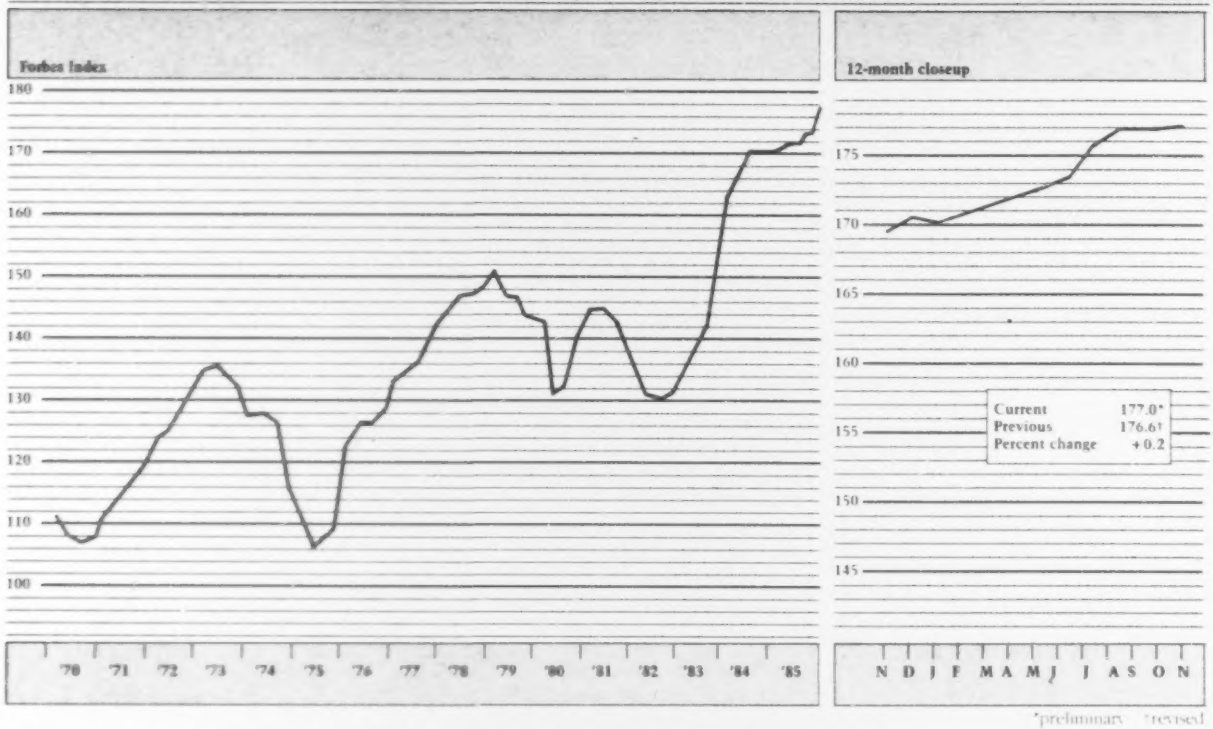
January 27, 1986 Volume 137 Number 2 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Greg Couch

The Forbes Index



*preliminary †revised

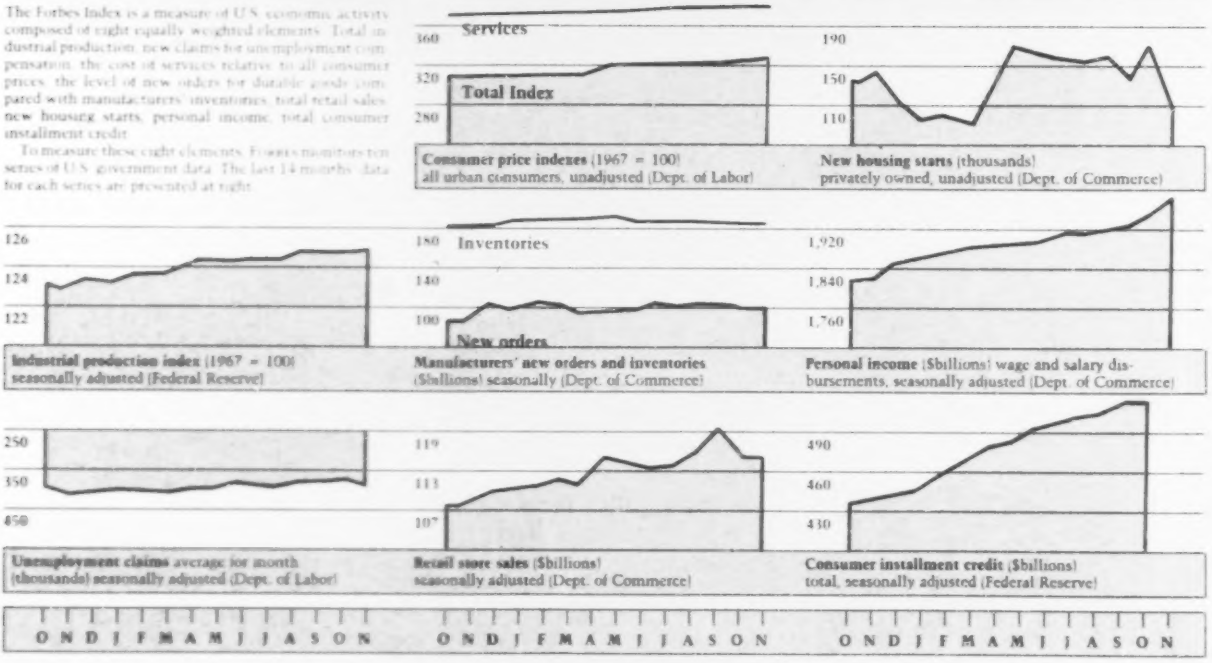
Gaining a few but important yards. One of the best-performing Forbes Index components was personal income, which registered a 0.2% jump over the previous month, after adjusting for inflation. This is the largest increase in personal income since September 1985, and it helped boost the Forbes Index 0.2% to a new high.

Traditional year-end slowdowns contributed to a decline in the ratio of manufacturers' new orders to inventories, depressing the Index. But with a falling dollar and the prospect of further cuts in the federal discount rate, new orders should rebound this year, perhaps even bringing along a reduction in the 7% unemployment rate.

The Forbes Index Components

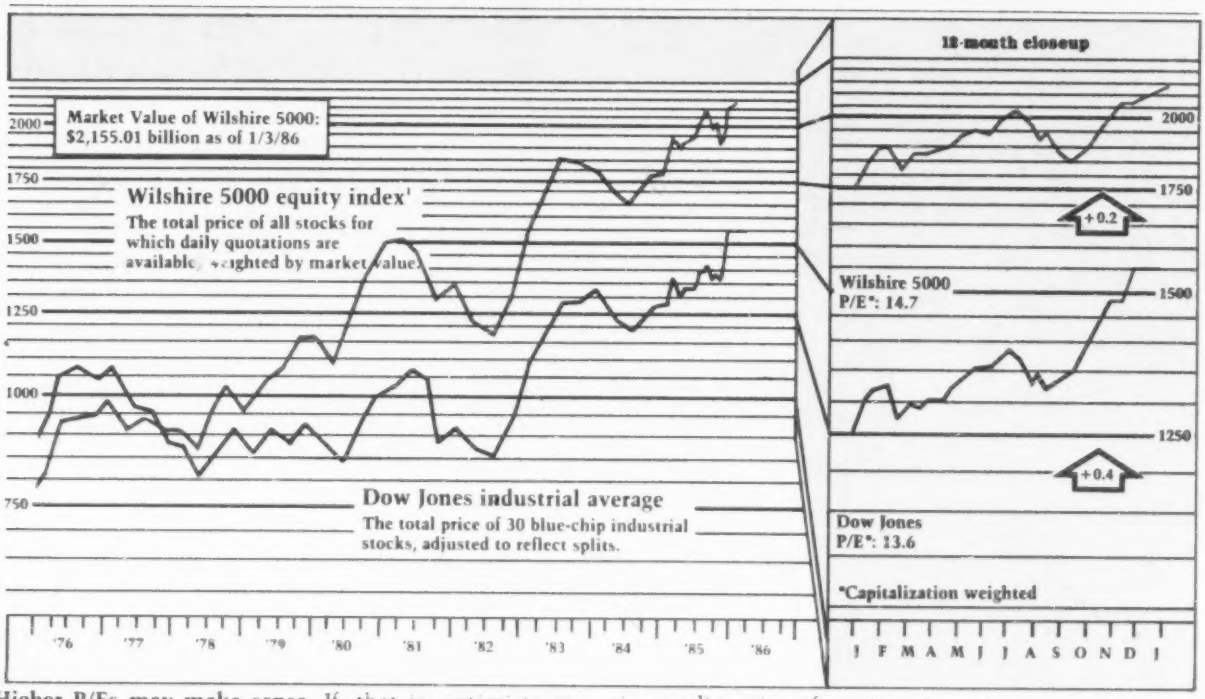
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Higher P/Es may make sense. If, that is, optimists are right about 1986 inflation. The nearly 5,400 issues that make up the Wilshire index are now selling at 14.7 times latest 12-month earnings and roughly 10 times expected 1986 earnings. When the last bull market began faltering in the summer of 1983, the P/E on the Wilshire peaked at 14.9. But this market may be different. Falling energy and commodity prices may keep the rise in consumer prices to about 3% this year, against 4% for 1983. With less inflationary distortion of earnings, investors may again accept multiples in the midteens.

The contrary view: Wall Street is overdue for a rest, and it may not take much bad news to push stocks back. Since mid-September the Dow is up nearly 250 points, while the Wilshire added more than a quarter-trillion dollars in market capitalization. During the last two weeks the Dow gained another 0.4%; the Wilshire, 0.2%. At the very least there is a case for a little profit-taking.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.7	4.0	4.9	3.9	2.0	2.9
in last 52 weeks	29.4	31.7	30.7	28.4	22.5	32.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.7	4.4	8.7	3.5	3.9	5.0	3.8	5.6	5.8	4.7	3.2	6.6
in last 52 weeks	31.5	36.4	57.5	35.5	30.6	37.6	29.2	47.8	54.8	36.9	40.9	25.7

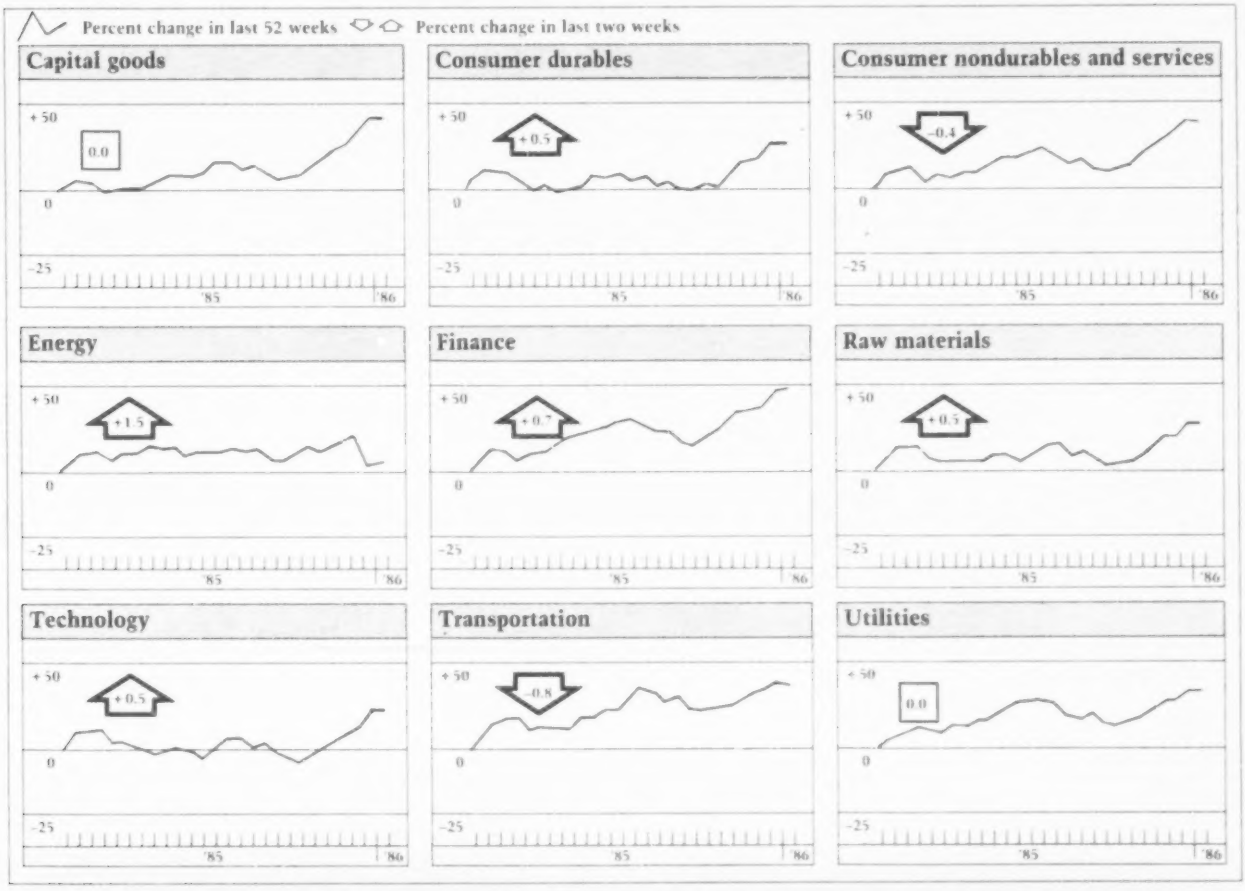
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/3/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

TWA's long shadow. Carl Icahn's troubles in financing his attempt to take over Trans World Airlines cast a shadow over the entire transportation sector. It brought down the share price of the fourth-biggest carrier nearly 15% in the last two weeks. That was a major factor in transportation's registering the poorest two-week performance, a loss of 0.8%.

Energy, up 1.5%, recorded the best gain. Coastal, the strongest stock in this group, rose 14%, followed by acquisition target MidCon, which climbed 13%. The second-best group was finance, which rose 0.7%. Irving Bank led this sector with a 13% gain. Consumer durables, raw materials and technology all rose 0.5%, while capital goods and utilities remained unchanged.



What The Analysts Think

What's cheap? Among the nine Wilshire sectors, three—consumer durables, energy and utilities—are now selling at little more than eight times estimated 1986 earnings. Expensive sectors are technology and consumer nondurables, with multiples of 12.7 and 12.8, respectively, of estimated 1986 earnings.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.18	13.7
1986 estimates	4.27	10.2
1987 estimates	3.35	11.6

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Finance	3.94	9.2	0.55	0.89
2	Consumer durables	4.33	8.2	0.41	0.27
3	Technology	2.96	12.7	0.29	-0.13
4	Energy	3.71	8.1	0.05	0.14
5	Consumer nondurables	2.64	12.8	0.03	-0.25
6	Utilities	3.64	8.4	-0.02	-0.22
7	Raw materials	2.42	11.7	-0.50	-0.94
8	Capital goods	2.86	12.5	-0.53	-1.14
9	Transportation	2.80	10.2	-1.53	-3.17

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 1/3/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

Mutual funds did well in the second half of 1985—almost as well as the market—and money rolled in.

When old friends call

By Laura R. Walbert

MAGELLAN FUND Manager Peter Lynch has a time-tested market indicator. It goes:

"When I meet someone at a cocktail party, and they say, 'What do you do?' and I say, 'I run a mutual common stock fund,' and they change the subject and say, 'Oh, that's interesting. Do you have any children?'—that's usually near the bottom of the market." During the "bull phase," according to Lynch, long-lost acquaintances call and ask for stock tips.

And during the "blowout phase," as Lynch calls it, people call Lynch to give him stock tips.

Lynch has been renewing lots of old friendships lately. "I'm getting calls from people that I haven't heard from in 15 years," he says. "Usually there's a little left, but not much, when that happens."

Now that stock prices have doubled from mid-1982, most of the other experts are falling over themselves explaining why it had to happen and why the market will keep going up. People with long memories get suspicious at times like this, when nearly everybody is bullish, but retail investors haven't gotten the message. They are quite caught up in the euphoria, and are pouring cash into mutual funds—including Lynch's—faster than ever.

The average six-month performance for funds tracked in the table on page 111, excluding the bond funds, was 10.3%. That isn't quite as good as the return on the broad Wilshire 5000 index, 11.8% (both figures include reinvested dividends), but it was hard to complain about. So, the money keeps coming.

Falling interest rates helped bond funds come on strong, with an average 8.8% total return. Again, a bit worse than the market—the Merrill Lynch government/corporate bond index earned 9.9% for the six months. But operators of the funds have to take a little out for themselves. Buyers of international funds did doubly well, thanks to a declining dollar and strong overseas markets.

Fueled by all this, net fund sales for the full year (excluding sales of money market and other short-term funds) reached an estimated $78 billion, triple the $26 billion of 1984.

Despite a year-end Dow that topped 1500, it was the bond and income funds that tempted investors—a sure sign that much of the money is com-

The recent winners

Stock and balanced funds

Strong foreign markets and a declining dollar recently gave the biggest gains to funds that invest abroad. Here are the top funds for the last half of 1985 from the stock and balanced funds in the performance update.

Fund	Six-month return
Oppenheimer AIM Fund	39.4%
T. Rowe Price International Fund	33.0
Scudder International Fund	32.1
United International Growth Fund	26.9
Dean Witter World Wide Invest	26.8
Trustees' Commingled-Intl Equity	23.5
Merrill Lynch International	23.0
New Perspective Fund	22.1
Alliance Technology	18.8
Sci/Tech Holdings	18.4

Source: CDA Investment Technologies

Bond & preferred stock funds

As interest rates sank, bond funds delivered capital gains. Here are the ten best performing bond and preferred stock funds (with assets of at least $100 million) for the second half of 1985.

Fund	Six-month return
Hutton Inv Series Bond	14.0%
Fidelity Thrift Trust	12.5
United Bond Fund	12.3
Paine Webber Fixed Inc-Invest Grade	11.8
IDS Selective Fund	11.7
Mass Financial Bond Fund	11.5
Bond Fund of America	11.5
IDS Bond Fund	11.3
Mass Financial High Income Trust	11.3
Van Kampen Merritt US Govt Fund	11.1

Source: CDA Investment Technologies

ing out of money market funds and bank products whose holders are reaching for yield now that short-term rates are not in the stratosphere. Net equity fund sales totaled $9.9 billion, less than 1983's record $13.2 billion. But, bond and income funds brought in $68.6 billion.

Is Lynch acting on his perception that the market is nearing the top? Yes, indeed. Among interest-sensitive securities, he reduced his position in bonds and utilities from 20% to 6%, and is buying savings and loans. One of Magellan's largest positions is in Federal National Mortgage Association, which could rake in big profits if interest rates hold steady. Lynch is cutting back on conservative brewing and food stocks, which had big runups, and is stocking up on cyclicals and on small-company stocks that haven't recovered from their 1983 collapse.

Lynch called the bull market right last year, and he might be right once more about the dangers of a coming blowout. Gotten any stock tips from taxi drivers yet? ■

Six-month performance update

This table covers the stock, bond and balanced funds with assets of $100 million or more that are tracked by CDA Investment Technologies. Performance is through Dec. 31, 1985; assets are as of Sept. 30, 1985.

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/85 (mil)
ABT Growth & Income	11.8%	13.8%	$ 107
Acorn Fund	9.4	23.7	269
Affiliated Fund	9.9	16.0	2,247
Age High Income Fund	6.6	12.5	208
Alliance Mortgage Secs Income Fund	7.1	NA	482
Alliance Technology	18.8	NA	127
Amcap Fund	11.0	21.8	1,132
American Balanced Fund	11.9	13.9	130
American Capital Comstock	5.3	22.4	755
American Capital Enterprise	9.0	17.8	528
American Capital Government Secs	8.2	NA	3,342
American Capital Harbor	8.0	17.0	188
American Capital High Yield Inv	10.4	NA	457
American Capital Pace	10.0	26.8	1,478
American Capital Venture	-1.8%	22.7%	$ 376
American Mutual Fund	12.3	18.9	1,326
Axe-Houghton Fund B	14.2	13.7	149
Babson Growth Fund	13.1	10.9	200
Bond Fund Of America	11.5	11.5	410
Boston Co Cap Appreciation	13.7	13.7	297
Bullock Dividend Shares	12.3	13.3	279
Bullock Growth Shares	9.8	13.8	134
Bullock High Income Shares	8.1	NA	125
Chemical Fund	15.2	11.2	609
Cigna Growth Fund	10.4	13.7	184
Cigna High Yield Fund	9.3	NA	125
Cigna Income Fund	11.0	10.3	205
Colonial Cap Appreciation	11.3	NA	257

*Total return including reinvested dividends through 12/31/85. NA Not available

Source: CDA Investment Technologies

Six-month performance update

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/85 (mil)
Colonial Corp Cash Trust I	4.4%	NA	$ 257
Colonial Corp Cash Trust II	2.5	NA	145
Colonial Fund	12.1	12.8%	101
Colonial Govt Securities Plus Trust	9.6	NA	1,662
Colonial High Yield Securities	9.3	11.4	113
Colonial Income Fund	9.7	10.1	143
Colonial Option Income-Port I	9.6	NA	1,338
Colonial Option Income-Port II	6.4	NA	173
Columbia Growth Fund	7.9	19.4	193
Criterion Bond-US Govt High Yld Tr	8.2	NA	565
Dean Witter Develop Grow Secs	6.0	NA	153
Dean Witter Dividend Grow Secs	12.4	NA	302
Dean Witter High Yield Secs	8.5	NA	586
Dean Witter World Wide Invest	26.8	NA	104
Decatur Income Fund	7.8	17.5	751
Delaware Fund	10.3	17.6	324
Dreyfus A Bonds Plus	10.8	NA	165
Dreyfus Fund	8.7	15.8	2,100
Dreyfus Growth Opportunity	17.7	16.0	376
Dreyfus Leverage Fund	12.2	17.8	409
Dreyfus Special Income Fund	12.8	12.6	109
Dreyfus Third Century Fund	10.2	17.7	150
Eaton Vance Investors Fund	9.4	15.2	208
Eaton Vance Tax-Managed Tr	17.4	NA	536
Energy Fund	7.9	15.7	334
Evergreen Fund	13.3	27.7	333
Evergreen Total Return	10.8	NA	176
Explorer Fund	9.0	20.4	330
Explorer II	5.6	NA	330
Federated GNMA Trust	9.6	NA	317
Federated High Income Secs Fund	7.8	NA	217
Federated Income Trust	6.6	NA	207
Federated Intermediate Govt Trust	6.5	NA	372
Federated Stock Trust	10.9	NA	214
Fidelity Corporate Bond Fund	10.2	9.7	201
Fidelity Destiny Fund	15.4	24.2	752
Fidelity Equity-Income Fund	9.3	22.6	672
Fidelity Exchange Fund	12.2	NA	123
Fidelity Freedom Fund	15.3	NA	512
Fidelity Fund	11.7	15.6	645
Fidelity Government Securities Fund	8.5	NA	151
Fidelity High Income Fund	10.0	NA	672
Fidelity Magellan Fund	17.2	33.9	2,962
Fidelity Mercury Fund	14.7	NA	129
Fidelity Mortgage Secs Fund	8.2	NA	222
Fidelity Puritan Fund	9.7%	17.1%	$1,092
Fidelity Qualified Dividend	6.2	NA	164
Fidelity Select-Health Care	8.5	NA	147
Fidelity Select-Prec Metals & Min	–17.3	NA	135
Fidelity Select-Technology	11.5	NA	375
Fidelity Thrift Trust	12.5	NA	219
Fidelity Trend Fund	10.9	13.4	601
Financial Industrial Fund	12.4	16.6	330
Financial Industrial Income	14.4	17.7	229
First Investors Bond Appreciation	7.5	NA	130
First Investors Fund For Income	8.3	12.1	1,251
First Investors Option Fund	5.2	NA	182
Founders Mutual Fund	15.1	11.9	138
FPA Paramount Fund	4.2	18.9	136
Franklin Custodian-Income	–0.3	16.5	104
Franklin Custodian-US Govt	9.2	7.7	6,459
Franklin Gold Fund	–15.7	14.3	109
FTP-Equity Portfolio Income	9.5	NA	281
FTP-Fixed Income Limited Portfolio	7.8	NA	231
Fund For US Govt Securities	6.5	8.8	393
Fund Of America	13.2	17.9	135
Fundamental Investors	15.0	14.6	395
Gintel Fund	9.9	NA	118
Growth Fund Of America	9.1	21.5	564
Guardian Mutual Fund	8.9	18.5	446
Hamilton Funds	9.4	10.4	207
John Hancock Bond Trust	10.7	9.0	941
John Hancock US Govt Secs Tr	9.3	10.1	129
Hutton Invest-Emerging Growth	10.1	NA	140
Hutton Investment-Growth	10.0	NA	790
Hutton Investment-Option Income	3.2	NA	139
Hutton Inv Series Bond	14.0	NA	202
IDS Bond Fund	11.3	10.3	1,370
IDS Discovery Fund	15.1	NA	257
IDS Equity Plus	13.5	13.0	306
IDS Extra Income Fund	8.6	NA	509
IDS Growth Fund	9.0	21.0	633
IDS Mutual	11.4	13.0	1,069
IDS New Dimensions Fund	9.3	18.6	404
IDS Progressive Fund	13.3	16.1	161
IDS Selective Fund	11.7	10.9	862
IDS Stock Fund	11.7	12.2	1,265
Income Fund Of America	8.0	15.8	361
International Investors	–10.0	16.9	765
Investment Co Of America	14.8	17.0	2,639

*Total return, including reinvested dividends, through 12/31/85. NA: Not available. *Source: CDA Investment Technologies*

Six-month performance update

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/85 (mil)
Investment Portfolio-Govt Plus	6.4%	NA	$954
Investment Port-Option Income	4.6	NA	108
ISI Trust Fund	7.3	9.2%	105
Janus Fund	9.5	20.6	387
Kemper Growth Fund	10.4	18.5	247
Kemper High Yield Fund	8.5	NA	228
Kemper Inc & Cap Preservation Fund	8.2	NA	134
Kemper Option Income Fund	5.8	NA	765
Kemper Summit Fund	8.9	20.9	191
Kemper Total Return Fund	10.3	18.3	330
Kemper US Govt Secs	9.7	NA	814
Keystone B-2	9.9	11.9	232
Keystone B-4	8.8	12.7	760
Keystone Custodian K-1	6.4	12.7	284
Keystone Custodian K-2	15.7	11.9	202
Keystone Custodian S-3	7.6	14.3	191
Keystone Custodian S-4	9.2	17.1	573
Legg Mason Value Trust	11.8	NA	314
Lehman Capital Fund	7.1	NA	106
Lehman Investors Fund	12.4	15.5	353
Lexington Research Fund	9.9	14.1	101
Lindner Fund	6.2	NA	390
Loomis-Sayles Capital Development	12.0	22.7	149
Lord Abbett Bond Debenture Fund	6.9	12.8	274
Lord Abbett Developing Growth	7.2	NA	262
Lord Abbett Value Appreciation	15.9	NA	258
Manhattan Fund	13.0	16.2	100
Mass Capital Development Fund	7.3	23.0	716
Mass Financial Bond Fund	11.5	10.4	261
Mass Financial Development Fund	9.8	16.8	191
Mass Financial Emerging Growth	8.1	NA	175
Mass Financial High Income Tr	11.3	NA	493
Mass Income Development Fund	11.5	14.5	204
Mass Investors Growth Stock Fund	9.9	13.2	811
Massachusetts Investors Trust	12.7	12.9	1,037
Mathers Fund	10.0	19.6	163
Merrill Lynch Basic Value Fund	10.3	NA	433
Merrill Lynch Capital Fund	10.0	NA	367
Merrill Lynch Corp Bond-High Inc	7.7	NA	298
Merrill Lynch Corp Bond-High Qual	9.7	NA	135
Merrill Lynch Corp Dividend Fund	6.0	NA	129
Merrill Lynch Federal Secs Tr	8.3	NA	4,092
Merrill Lynch Fund For Tomorrow	5.6	NA	263
Merrill Lynch International	23.0	NA	203
Merrill Lynch Pacific Fund	16.3	NA	140

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/85 (mil)
WL Morgan Growth Fund	15.5%	16.7%	$545
Mutual Qualified Income Fund	12.4	NA	344
Mutual Shares	11.7	24.4	894
Nationwide Fund	15.5	12.1	255
National Federal Securities Tr	6.8	NA	406
National Securities Bond	10.4	10.8	350
National Stock Fund	12.9	15.1	220
National Total Return Fund	8.8	18.2	167
NEL Growth Fund	9.5	21.9	196
New Economy Fund	15.0	NA	438
New Perspective Fund	22.1	17.0	673
New York Venture Fund	14.5	20.9	108
Nicholas Fund	6.1	23.9	557
Nicholas II	8.1	NA	140
Northeast Investors Trust	10.2	11.2	218
Oppenheimer AIM Fund	39.4	17.2	232
Oppenheimer Directors Fund	9.6	NA	273
Oppenheimer Equity Income	12.1	19.0	157
Oppenheimer Fund	12.5	11.5	237
Oppenheimer High Yield Fund	8.6	NA	483
Oppenheimer Premium Inc Fund	9.7	NA	344
Oppenheimer Regency Fund	9.7	NA	131
Oppenheimer Special Fund	8.7	21.3	728
Oppenheimer Target Fund	14.6	NA	112
Oppenheimer Time Fund	11.7	21.5	190
Over-the-Counter Securities Fund	11.3	24.6	121
Paine Webber Fixed Inc-GNMA	10.0	NA	1,171
Paine Webber Fixed Inc-Invest Grade	11.8	NA	157
Partners Fund	10.7	21.5	229
Penn Square Mutual Fund	12.4	14.9	174
Pennsylvania Mutual Fund	10.9	24.5	287
Philadelphia Fund	8.9	15.8	103
Phoenix Growth Fund	12.2	17.3	105
Pilgrim Adjustable Rate	3.9	NA	830
Pioneer Fund	5.9	15.8	1,306
Pioneer II	11.9	24.0	1,875
Pioneer Three	10.1	NA	369
T Rowe Price Growth Stock Fund	15.3	10.0	993
T Rowe Price Growth & Inc Fd	9.6	NA	326
T Rowe Price International Fund	33.0	NA	285
T Rowe Price New Era Fund	10.7	16.1	473
T Rowe Price New Horizon Fund	9.0	17.5	1,252
T Rowe Price New Income Fund	8.9	10.5	842
Prudential-Bache Equity Fund	13.3	NA	166
Pru-Bache Govt Secs-Inter Term	7.1	NA	191

*Total return, including reinvested dividends, through 12/31/85. NA: Not available.

Source: CDA Investment Technologies

Six-month performance update

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/85 (mil)
Prudential-Bache High Yield Fund	7.6%	NA	$ 407
Prudential-Bache Research Fund	12.4	NA	146
Prudential-Bache Utility Fund	9.8	NA	247
Putnam Corporate Cash ARP	4.2	NA	509
Putnam Convertible Income-Gr Tr	9.0	NA	202
Putnam Corporate Cash DSP	4.8	NA	146
Putnam Fund For Growth & Income	12.8	16.4%	845
Putnam Health Sciences Trust	8.8	NA	220
Putnam High Income Gov Tr	9.4	NA	813
Putnam High Yield Tr	9.5	NA	1,372
Putnam Income Fund	8.5	11.1	167
Putnam Information Sciences Tr	9.2	NA	145
Putnam Investors Fund	9.4	15.0	932
Putnam Option Income Trust	8.4	NA	1,102
Putnam Option Income Trust II	5.6	NA	277
Putnam US Govt Guaranteed Secs	6.8	NA	402
Putnam Vista Fund	8.0	18.3	161
Putnam Voyager Fund	12.1	19.1	250
George Putnam Fund of Boston	12.3	13.7	292
Sci/Tech Holdings	18.4	NA	284
Scudder Capital Growth Fund	10.6	NA	303
Scudder Development Fund	5.8	19.8	218
Scudder Growth & Income Fund	10.8	14.3	257
Scudder Income Fund	8.8	10.2	154
Scudder International Fund	32.1	13.8	323
Security Equity Fund	10.9	16.8	232
Security Investment Fund	5.4	14.6	100
Selected American Shares	13.2	14.2	101
Seligman Capital Fund	5.8	19.9	154
Seligman Common Stock Fund	13.0	16.2	409
Seligman Growth Fund	8.5	12.9	553
Sentinel Common Stock Fund	11.2	16.4	355
Sequoia Fund	6.5	25.8	544
Shearson Appreciation Fund	13.1	19.5	149
Shearson Fundamental Value Fund	5.8	NA	114
Shearson High Yield Fund	8.4	NA	277
State Farm Growth Fund	16.7	18.1	195
State Street Growth Fund	11.0	NA	220
State Street Investment Corp	11.3	15.0	483
SteinRoe Bond Fund	10.4	NA	142
Stein Roe & Farnham Cap Oppor	6.3	17.8	153
Stein Roe & Farnham Stock Fund	5.6	12.9	200
SteinRoe Special Fund	9.7	43.8	229
SteinRoe Total Return Fund	8.5	10.7	108
Strong Investment Fund	9.7	NA	201
Strong Total Return Fund	13.1%	NA	$ 189
Sunbelt Growth Fund	3.0	NA	117
Technology Fund	11.4	16.0%	614
Templeton Global I	10.3	NA	258
Templeton Global II	10.3	NA	293
Templeton Growth Fund	11.6	20.5	1,170
Templeton World Fund	12.2	NA	2,276
Thomson McKinnon Income Fund	7.3	NA	186
Trustees' Commingled-Intl Equity	23.5	NA	551
Trustees' Commingled-US Equity	7.6	NA	200
Tudor Fund	11.9	21.7	124
20th Century Growth Investors	13.3	28.6	719
20th Century Select Investors	10.8	27.3	1,049
20th Century Ultra Investors	6.9	NA	374
United Accumulative Fund	6.5	15.9	531
United Bond Fund	12.3	10.4	319
United High Income Fund	8.7	NA	827
United Income Fund	14.2	14.5	556
United International Growth Fund	26.9	16.3	118
United Science & Energy Fund	13.0	13.1	152
United Services-Gold Shares Fund	–30.4	11.2	276
United Services-Prospector Fund	1.9	NA	115
United Vanguard Fund	10.0	20.8	387
USAA Mutual-Growth Fund	4.7	10.4	145
USAA Mutual-Income Fund	7.9	NA	139
USAA Mutual-Sunbelt Era Fund	2.9	NA	109
Value Line Fund	8.9	18.8	173
Value Line Income Fund	8.2	17.5	118
Value Line Leveraged Gr Investors	5.0	24.2	197
Value Line Special Situations	8.1	19.6	204
Van Kampen Merritt US Govt Fund	11.1	NA	1,090
Vanguard Fixed Income Secs-GNMA	9.7	NA	744
Vanguard Fixed Inc Secs-Hi Yld	9.1	NA	452
Vanguard Fixed Inc Secs-Inv Grade	9.9	10.5	207
Vanguard Index Trust	4.9	NA	342
Vanguard Qualified Dividend Port I	12.2	22.6	150
Vanguard Qualified Div Port III	2.7	NA	168
Washington Mutual Inv Fund	12.5	17.4	761
Weingarten Equity Fund	7.1	23.5	133
Wellesley Income Fund	10.0	14.0	169
Wellington Fund	11.1	14.6	714
Windsor Fund	9.9	21.2	3,644
Windsor II	9.6	NA	108
Yes Fund	2.5	NA	170

*Total return, including reinvested dividends, through 12/31/85. NA Not available.

Source: CDA Investment Technologies

The red metal is selling below its cost of production. So what's new? But there are interesting reasons now for a rally.

COPPER-PLATED BULL

By Stanley W. Angrist

Every year about this time I take a look at the copper market, and after analyzing the available data, I generally come out with a bullish recommendation for the red metal. It's no different this year. (Be forewarned. In the past, most of my bullish suggestions in copper have been losers. But, sooner or later, I have to be right.)

The first bits of data that caught my eye are the declines in copper stocks over the past two years *(see table)*. Since January 1984 copper stocks at the warehouses of the Commodity Exchange of New York are down 70%, and they have dropped 56% at the London Metal Exchange's warehouses; total stocks are down about 56%. Primarily because of the high value of our currency, copper prices are as low today as they were two years ago, despite the reduced stocks.

Just because the current price is around 64 cents per pound, which is below the cost of production everywhere in the world except Chile, do not think that the price must rise. Copper prices have been below that cost, on and off, for years. Countries like Chile, Zambia and Zaire will produce and sell copper—no matter what its price—as a means of raising hard currency. There is no such thing as a bankruptcy price that will drive them out of business. However, such prices do influence U.S. and Canadian producers.

Worldwide, production in 1985 was expected to increase by 1%, while U.S. production is expected to reach an 18-year low. Current domestic production capacity utilization is at about 59%. It is believed production will not increase substantially until prices reach about 80 cents.

The other factor that pushes me toward a bullish position in copper is its seasonal tendency. As the chart shows, the price of copper usually reaches its low in the fall and rises steadily as spring approaches. I would not base a trade solely on seasonal tendencies but it certainly should be factored into the decision-making process.

Given the stocks situation, the cutback in U.S. production and the seasonal propensity of copper, I feel fairly comfortable recommending a long position. I would try to buy the May contract under 65 cents per pound, risking no more than 3 cents ($750) on the trade. Look for an 8-cent profit ($2,000). The margin on a single contract is $1,000, while the commission would be about $25 at a discount broker. Less risk-oriented investors might try a bull spread of long May/short December, with the December carrying at least an 60-point premium to the May. I would risk only 100 points on this trade ($250 per spread). I would look for May to move to an 80-point premium to the December, for a 140-point gain, or a profit of $350 per spread. The margin on a spread trade is $200, while commissions would be about $40. ■

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

Vanishing act

It is fairly easy to keep track of a substantial portion of the world's copper stocks by looking at what is stored at the Comex and LME warehouses; together they make up about 50% of the Free World's inventories. The "other" category includes stocks stored at producers and consumers, as well as government supplies. All data are in thousands of short tons. The sharp drop in worldwide warehouse stocks could have bullish implications.

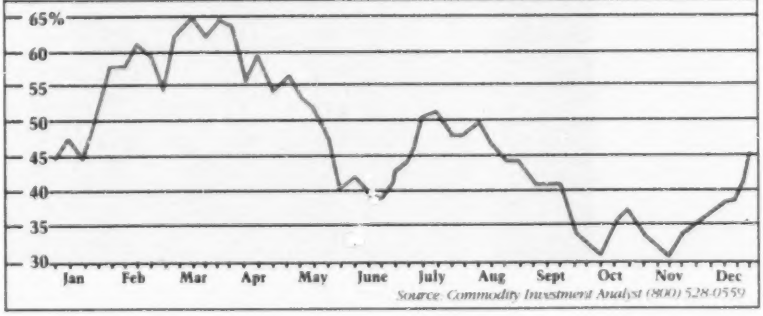
Date	Comex	LME	Other*	Total
January 1984	417.7	468.9	358.5	1,245.1
July 1984	335.6	211.7	377.7	925.0
January 1985	258.2	128.3	319.5	706.0
June 1985	186.4	126.0	208.3	520.7
December 1985	121.6	202.5	220.2†	544.3

*U.S. Bureau of Mines. †Estimated.

Shelley Dell

If winter come. . .

Over the past ten years copper prices have tended to rise from fall into spring. The vertical scale represents the ten-year average of where the price of copper was for each week relative to its decade-long low (0%) and its high (100%).

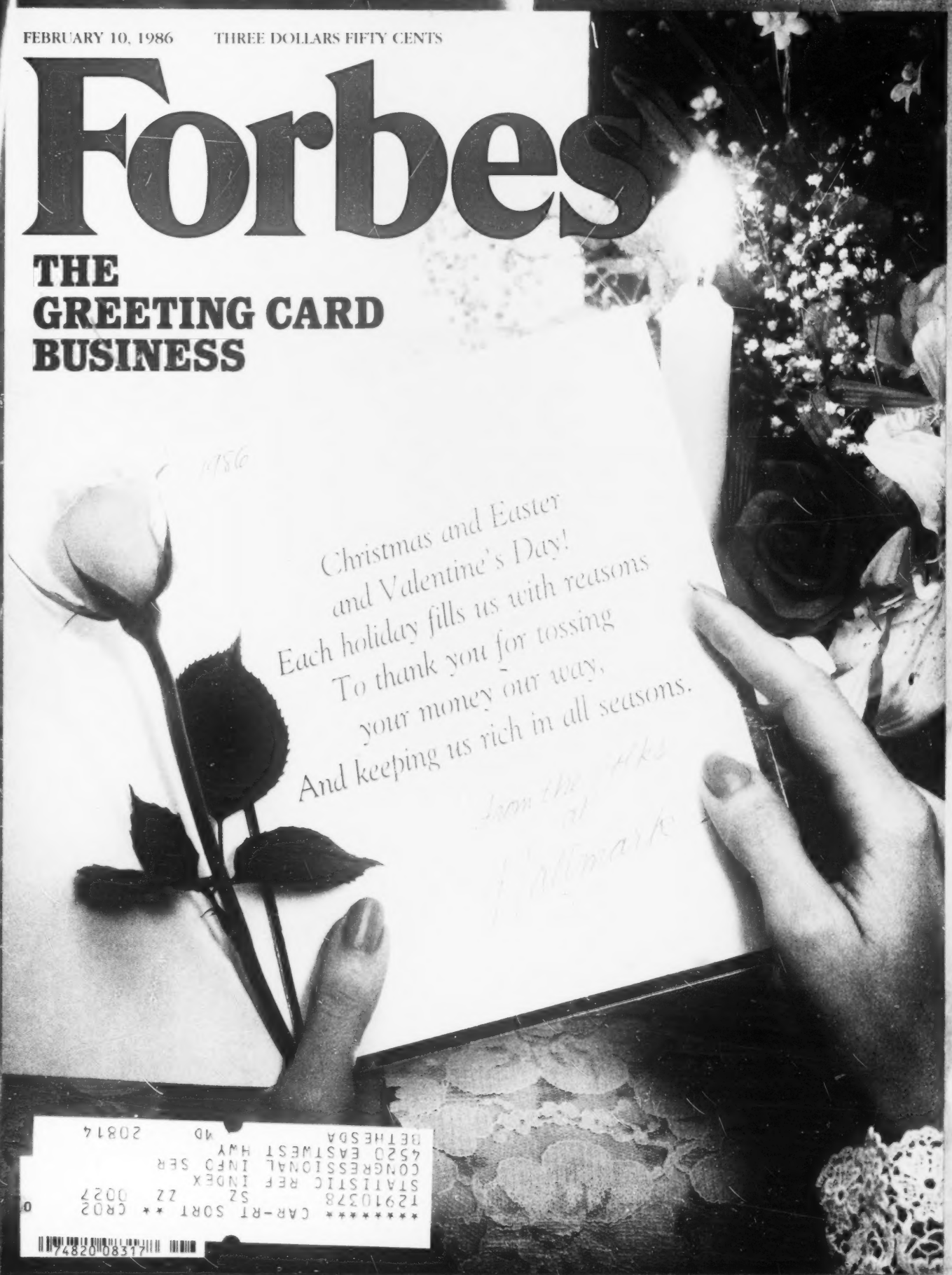


Source: Commodity Investment Analyst (800) 528-0559

FEBRUARY 10, 1986 THREE DOLLARS FIFTY CENTS

Forbes

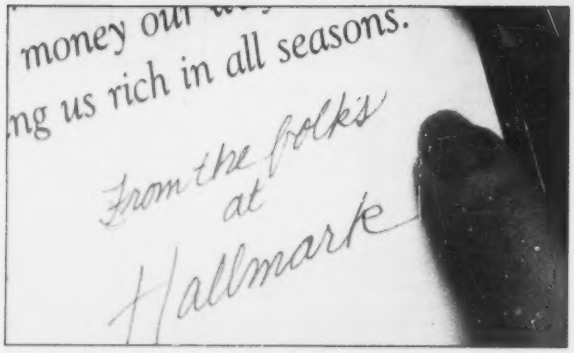
THE GREETING CARD BUSINESS



********** CAR-RT SORT ** CR02
12910378 SZ ZZ 0027
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814
74820 08317

Forbes

February 10, 1986
Volume 137
Number 3



89 63 70

The editorial index of companies referred to in this issue is on pages 164 and 165.

Companies

31 Saxon Industries
Stan Lurie built a paper company that looked real.

34 Honeywell
It's gotten out of the computer business, sort of.

35 Diamond Shamrock
Sliding oil prices are bad news for a firm that has restructured out of chemicals and into—you guessed it—oil.

36 Control Data
Its ace reliever has been sent in to help save the game.

43 Monsanto
Richard Mahoney's "bet the company" strategy.

56 Soo Line
It exulted when a court allowed it to buy the Milwaukee Road. But did the Soo lose by winning?

58 Blue Cross
The giant pioneer health insurer's malaise.

76 The Up & Comers
Areté Systems landed a big order—good news or bad? Also: Management The Sharper Image way.

87 AmeriTrust
There's a fine line between prudence and timidity.

96 Pacific First Financial Corp.
James Anderson made the right long-term decisions, but the result may not be what he had in mind.

Management

70 Boardroom Kibitzers
Do we really want boards of directors usurping the job of management?

Industries

63 Health Care
First, the oil glut. Now, the doctor glut.

82 Cable Television
Yet more competition, and the boys are angry.

89 Cover Story: Greeting Cards
Three billion dollars a year for off-the-rack sentiments.

Finance

50 Tax-Exempts
How you gonna keep 'em happy after they've seen how easy it is to rip off Uncle Sam and the taxpayers?

International

47 Brazil
Is the debt crisis about to flare again?

Departments

6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
167 Flashbacks
168 Thoughts

Money & Investments

25 What's Ahead For Business
26 The Forbes Index
143 The Forbes/Wilshire 5000 Review

Columnists

153 Ben Weberman
154 Susan Lee
156 David Dreman
158 Srully Blotnick
160 Stanley W. Angrist

126

Investing

30 Market Volatility
Popular myth: Small investors are being crushed by arbitragers and institutions. Reality: The market is safer than it used to be.

33 Insider Trading
Does word leak on takeover deals? Of course.

94 International Investing
The world stock market is here, but the rules are still a Tower of Babel.

146 The Funds: Closet Funds
A few operating companies behave more like closed-end investment pools; some investment records any fund would be proud of.

150 Statistical Spotlight: High-Yield Stocks
A dividend here, a dividend there, and pretty soon it adds up to real money.

162 Streetwalker
Templeton Funds; Pace Membership Warehouse, Inc.; McLean Industries; Gas pipelines; Canadian Treasury bonds.

On The Docket

100 Takeover Defenses
Lockups and poison pills won't work if the directors forget their fiduciary responsibilities. Also: Missing out on RCA's big runup; the perils of arbitration clauses; language discrimination in hiring.

Taxing Matters

106 Tracking Down Tax Cheats
How different states are cracking down on evaders.

Numbers Game

110 The Problem With Tax-Frees
There is so little information about individual borrowers that many investors have no way of knowing whether to hold or sell. Also: Booking profits before they're earned.

Marketing

116 Maxim's
Pierre Cardin is opening a New York restaurant. Also: color movies from black-and-whites; halogen lighting.

Technology

120 Manufactured Housing
Factory-built homes are higher quality investments.

Personal Affairs

126 Upland Game Hunting
The pleasures of a gentleman's sport. Also: How not to buy insurance.

Careers

132 Overseas Assignments
Your company wants to send you to London. Are you earmarked for advancement or oblivion?

Faces Behind the Figures

136 Richard E. Meyer, *recording producer*
136 John McAllister, *Northern Ireland IDB*
137 William Seidman, *FDIC*
137 John Sculley, *Apple Computer*
137 Michael J. Vastola, *Lionel Corp.*
140 Stanley Pace, *General Dynamics*

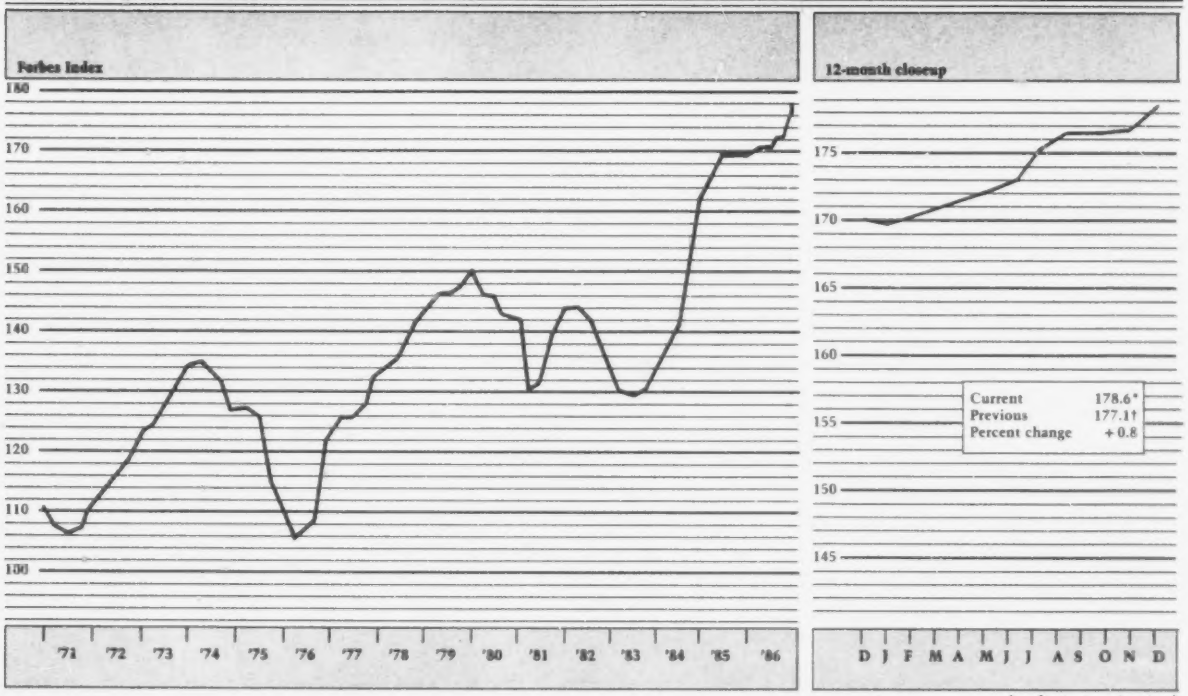
February 10, 1986 Volume 137 Number 3 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover photo by Dan Wagner

The Forbes Index



*preliminary †revised

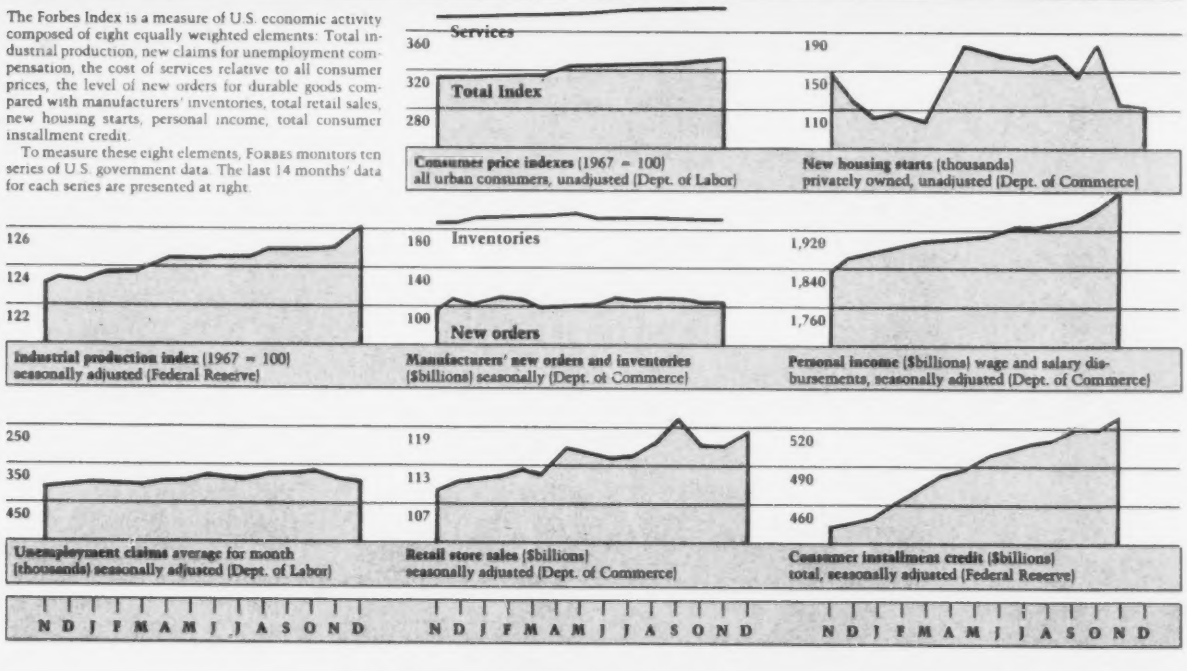
Crossroads. The Forbes Index climbed 0.8%, to a new high. The stimulative effects of a weaker dollar seem to be taking hold. Industrial production and retail sales went up 0.7% and 1.9%, respectively, over the previous reporting period. This was the largest month-to-month increase in industrial production since last August.

Latest monthly figures show a rise of 0.9% in consumer debt, to $536 billion, which puts it at 19.7% of disposable income, an alltime high. Inflation remains at a reassuring 3.1% annual rate. Two components prevented the Forbes Index from moving even higher: New housing starts dropped 5.1%, in spite of long-term mortgage rates dropping almost into single-digit territory, and new unemployment claims jumped 1.7%.

The Forbes Index Components

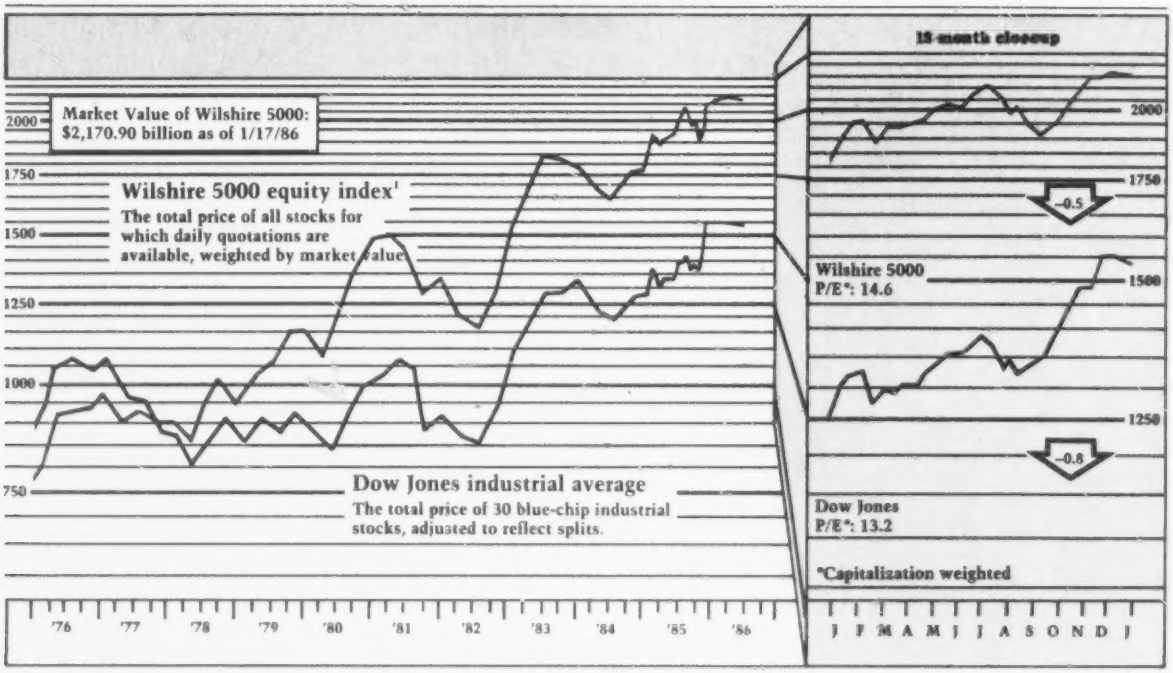
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Behind the headlines. Yes, there was a correction. The Dow dropped 39 points in one day, and the overall market, as measured by the Wilshire index, lost 0.5% in the recent two-week period. But smaller companies held up well. Nasdaq shares gained 1.5%, while Amex issues were virtually unchanged. What happened? Investors were selling off blue chips and stocks that had been caught up in merger speculation, while buying secondary and speculative issues.

It was merely catching-up time for small capitalization stocks. While the Dow and NYSE had been hitting new highs since summer 1984, it has taken Amex and Nasdaq shares this long to catch up to where they were 2½ years ago. Nasdaq shares ended the two-week period at a new high. During the last ten trading days Amex shares also broke their July 1983 record before making a slight retreat.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–0.3	–1.0	–0.4	–0.8	1.5	2.4
in last 52 weeks	22.5	25.1	25.2	21.5	17.3	25.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	0.2	9.8	12.7	1.3	4.3	4.0	1.6	10.2	10.9	2.2	0.2	13.0
in last 52 weeks	25.2	32.8	49.9	30.8	23.3	33.8	25.1	42.1	50.3	32.0	34.7	21.9

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

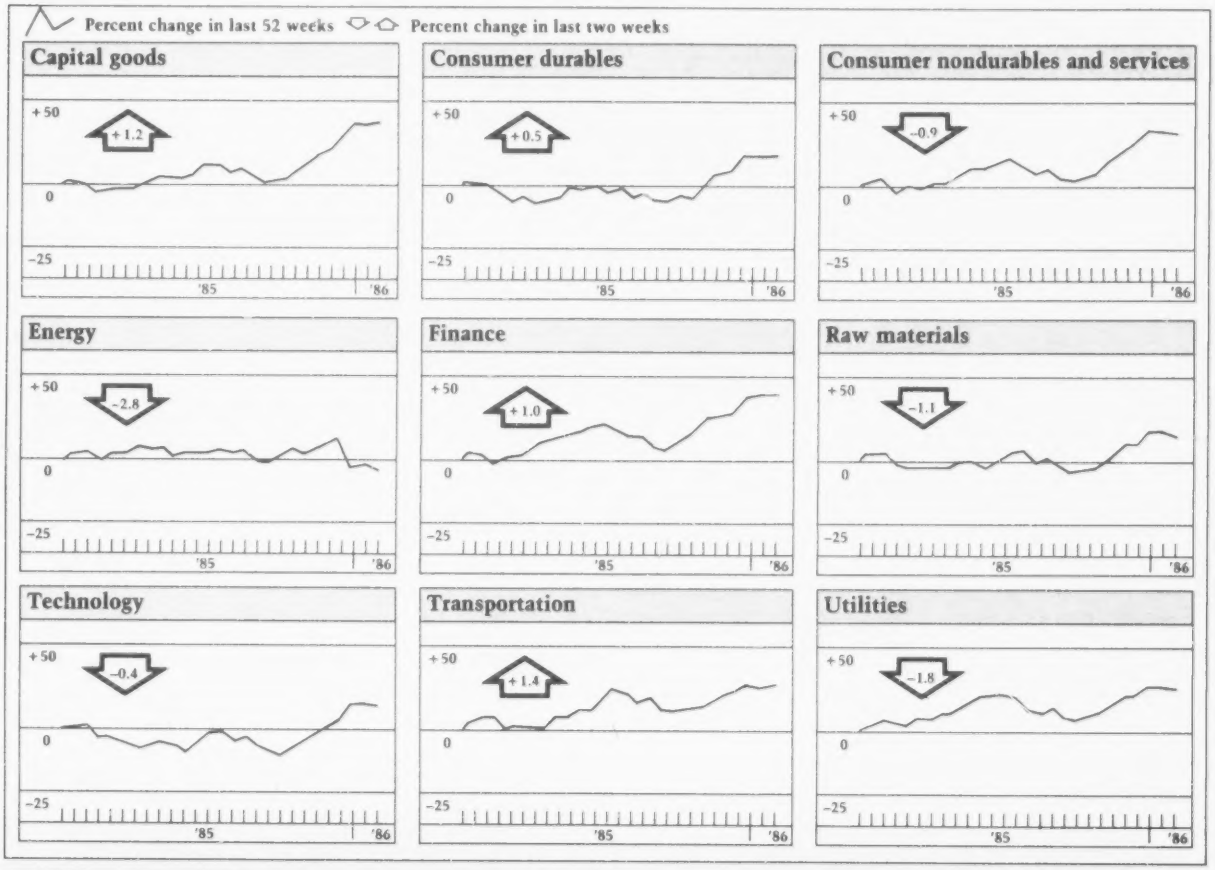
Note: All data for periods ending 1/17/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Gay French

Where The Action Is

Running on different tracks. The nine Wilshire sectors show uneven 52-week performance. Only three groups exceeded the 22.5% gain of the Wilshire index. Finance shares, up 34.4%, led the pack. Consumer nondurables and capital goods also turned in above-market gains. At the other extreme are energy shares, which are a mere 8.7% higher than they were a year ago. Technology and consumer durables fared only slightly better.

Will the same pecking order hold a year from now? Probably not. The top groups may have had their biggest run, while the neglected areas may be rediscovered. Out-of-favor sectors are generally cheaper. Consumer durables and energy, for example, sell at close to 8 times estimated 1986 earnings. *(See estimates below.)*



What The Analysts Think

Wall Street likes money. Finance, the sector with the best 52-week price performance, was also the only group to show a rise in 1986 earnings estimates during the last two weeks. Utilities showed the smallest estimate cuts. Lower interest rates mean higher earnings for finance companies and greater appeal of yield stocks like utilities.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.16	13.5
1986 estimates	4.23	10.1
1987 estimates	NA	NA

NA: Not available.

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Finance	$3.94	9.3	% 0.16	% 0.72
2	Utilities	3.39	8.3	–0.07	–0.08
3	Raw materials	2.34	12.2	–0.14	–0.48
4	Consumer nondurables	2.69	12.7	–0.14	–0.07
5	Capital goods	2.88	12.1	–0.16	–0.69
6	Technology	2.94	12.7	–0.22	0.08
7	Consumer durables	4.41	8.0	–0.37	0.02
8	Energy	3.48	8.1	–0.54	–0.87
9	Transportation	2.72	10.5	–1.85	–3.36

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 1/17/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

FEBRUARY 24, 1986 THREE DOLLARS FIFTY CENTS

C3950-1

Forbes

RETAIL FINANCIAL SERVICES

WHO OWNS THE FUTURE?

********** CAR-RT SORT ** CR02
12910378 S2 ZZ 0025
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes

February 24, 1986
Volume 137
Number 4

90

The editorial index of companies referred to in this issue is on pages 152 and 153.

Companies

36 Southwest Airlines
Southwest's success with its Muse acquisition is proving that revenge may be sweet, but it's no foundation on which to build a business.

40 Federal National Mortgage Association
The way to run a giant S&L is to take the middleman's profits while someone else takes the interest rate risks.

42 Pittsburgh Pirates
You can buy a piece of this team by buying a share of Westinghouse Electric. But don't count on scoring big.

64 The Up & Comers
Kroy Inc.'s Donald Gustafson learned, the hard way, that by pushing "sales growth at the expense of profits, you'll self-destruct." Also: Cherokee Group.

83 Swissair
Think of it as a bank that flies.

96 Goldman, Sachs
How Goldman, Sachs got to be one of Wall Street's two most profitable firms.

Management

30 Big Bath Accounting
After years of not coming clean with failed acquisitions, managers take a big writeoff. Whom are they kidding?

Industries

33 Thrifts: Ducking FSLIC
Strong S&Ls are balking at paying assessments to insure the weak. So they turn into banks.

34 Trucks: Another Japanese Invasion
After educating U.S. car companies about small cars and pickups, Japan's automen intend to teach Americans a lesson in large trucks.

54 Nuclear Power
Chances are you've never heard of the Institute of Nuclear Power Operations—Inpo, for short—but it's one good reason the industry's safety record has improved.

62 Computer Software
The vast brain pool for software engineering in India.

88 As I See It: Robert Z. Lawrence
An optimistic view of U.S. industry's prospects.

90 Cover Story: Financial Services
Merrill Lynch, Sears, Prudential and American Express are spending hundreds of millions to become one-stop money shops. But is that where the profits are?

Investing

32 Has The Parade Passed By?
It doesn't pay to fight a bull market. It sometimes pays to sit it out.

Departments

6 Side Lines
8 Trends
12 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
155 Flashbacks
156 Thoughts

Money & Investments

25 What's Ahead For Business
26 The Forbes Index
131 The Forbes/Wilshire 5000 Review

Columnists

139 Ben Weberman
140 Ann C. Brown
142 Kenneth L. Fisher
144 Stanley W. Angrist
146 Srully Blotnick
148 Ashby Bladen

54

116

46 Money Man Irv Maizlish
Guess which is a better buy: An empty office tower in Denver or a shopping center with a beauty salon?

134 The Forbes/TUCS Institutional Portfolio Report
Professional money managers beat the market in the fourth quarter of 1985.

136 Statistical Spotlight: What South African Risk?
Divestiture doesn't seem to have damaged the shares of companies doing business in South Africa.

150 Streetwalker
Oil companies; Lomas & Nettleton; Foxboro Corp.; closed-end funds; AAR Corp.

On The Docket

72 The Trouble With Mandatory Retirement
Like a lot of otherwise good ideas, the end of mandatory retirement promises to make lawyers even richer.

73 Punitive Damages
The Supreme Court will soon decide a case that could limit or even bar punitive damage awards nationwide.

Taxing Matters

76 "Mirror-Image Liquidation"
It's a way to drum up takeover business.

76 A Neat Income-Shifting Gambit
There is a good deal more to that special dividend Union Carbide will pay on Mar. 1 than meets the eye.

Numbers Game

78 Poison Parachutes
Be warned: Executive stock appreciation rights can take a nasty toll on earnings. Some, in fact, are intended to.

Technology

98 High-Tech Hammerlock
Scrambled television signals will be a boon to struggling M/A-Com.

102 Oh, Your Aching Back
At last, attacking back problems from the prevention angle.

103 Twenty-Dollar Light Bulbs That Make Cents
Those expensive but efficient "compact fluorescents."

Marketing

110 Even The Kitchen Sink
As a division in a giant company, Formica was a plodder. Can independent management make it a winner? Also: Advertising movies; shaving cream wars; video annual reports.

Personal Affairs

116 Puttin' On The Ritz
Umbrellas that last and canes that make a statement.

Careers

122 Adventures In The Retail Trade
Lost about your next move? Department stores may want you.

Faces Behind the Figures

126 Deng Xiaoping, *People's Republic of China*
126 David Queen, *Treasury Department*
126 Stephen Wolf, *Republic Airlines*
127 Victor Kiam, *Remington Products*
127 Michael Kimberley, *Group Lotus Cars*
128 Myron Sheinfeld, *Houston bankruptcy lawyer*
128 Joseph Blandford, *Atlantia Energy Group*

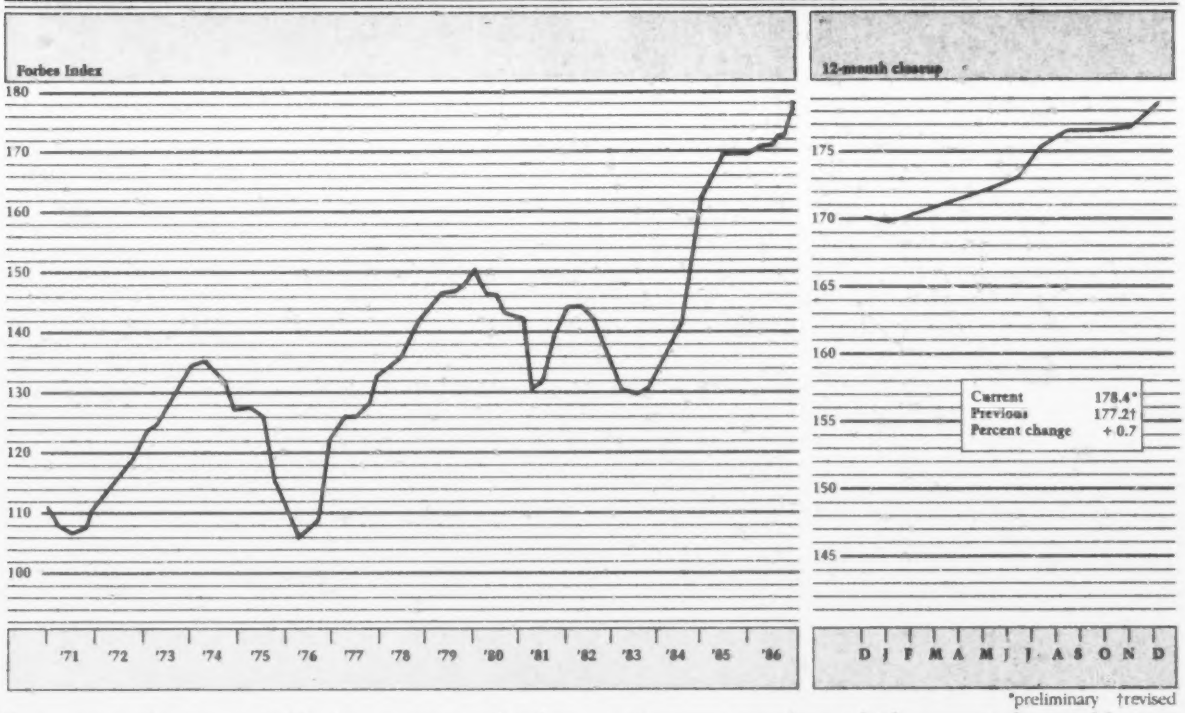
February 24, 1986 Volume 137 Number 4 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Phil Huling

The Forbes Index



*preliminary †revised

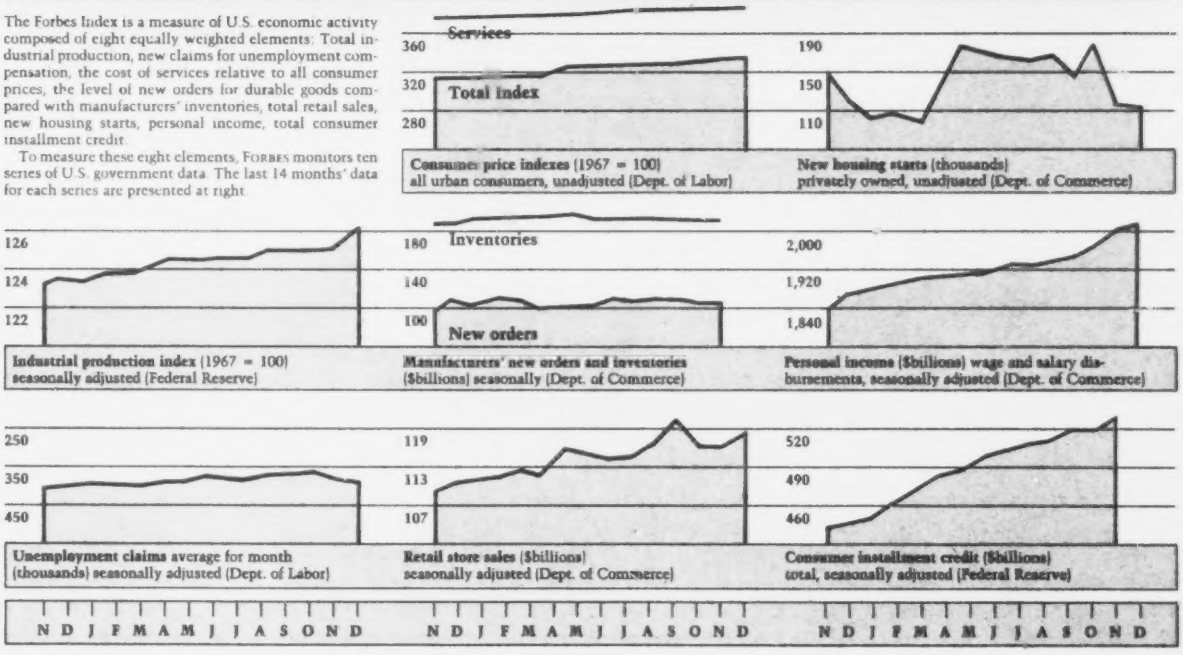
Here comes the sun. A 0.8% rise in wage and salary disbursements, after adjusting for inflation, was mainly responsible for a 0.7% increase in the Forbes Index. For the real wage gain thank, in large part, the slow movement in the Consumer Price Index, up a modest 0.25% from the previous month. If that kept up for a year, inflation would be only 3.0%.

Consumer spending, which accounts for roughly two-thirds of economic activity, went up 2% in December, the sharpest monthly increase in 11 years. A strong job market and low interest rates have consumers in a spending mood. But with consumer installment debt at a record 18.9% of aftertax income, that torrid pace cannot be sustained.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Forbes

Rumpelstilzchen spun straw into gold. Last quarter dozens of leading businessmen spun past sins into current virtue.

Rumpelstilzchen accounting

By Ben Weberman

HAS STANDARD OIL CO. (Ohio) Chairman Alton W. Whitehouse been rereading the story of Rumpelstilzchen, who spun straw into gold? In Sohio's fourth-quarter 1985 report, just out, Whitehouse says that Sohio's profit ($379 million) "would have increased 11%" over 1984's fourth quarter—only it didn't. Why not? A little matter of a $1.15 billion writeoff. And what's a writeoff among friends? Just a paper entry. An "extraordinary" charge.

Or is it "just" a paper entry? In Sohio's case the writeoff is a confession that Sohio blew well over $1 billion of shareholders' money when it decided to acquire Kennecott, the big copper-mining company. Sohio paid $1.8 billion for Kennecott five years ago. Did its value fall by $1 billion in a single quarter? No. It was a bad deal from the beginning, overpriced and ill-timed.

Hold it: Doesn't this suggest that Sohio was actually overstating its earnings over those five years that the Kennecott investment was deteriorating? Certainly it was evident well before Dec. 31, 1985 that the acquisition was a bad mistake.

Sohio portrays the writeoff as a brave and virtuous step. "We've streamlined the company," explains Sohio spokesman John Andes. "It gets us in shape to deal with the market and proceed as a very healthy company into 1986."

Past sin into future virtue. Bad judgment into praiseworthy realism.

David Hawkins, a finance professor at the Harvard Business School, isn't impressed. "The writedowns are usually taken well after the events actually occurred," says Hawkins, "which makes you think you can't believe any of the numbers over the last few years."

Rumpelstilzchen accounting, also

Chas. B. Slackman

The big hit parade

Herewith, some of 1985's more memorable writeoffs. In a few cases, sudden business reverses may have been behind the sudden writeoffs. But, in most cases, managements were simply washing the decks.

Company	Writeoff 1985	Net income ($millions) 1984	Net income ($millions) 1985	Per share book value 1984	Per share writeoff 1985	Per share net 1985	recent stock price (as of 2/3/86)
Cigna Corp	$1,200.0	$ 100.0	NA	$62.79	$16.60	NA	65⅜
Sohio	1,150.0	1,488.0	$308.0	35.71	4.90	$1.31	47¼
Phillips Petroleum	342.0	810.0	418.0	14.28	1.23	1.44	10⅞
Unocal	250.0	704.0	325.1	32.78	2.54	2.36	24
Avon Products	223.0	181.7	–59.9	13.55	2.82	–0.76	27¼
Crown Zellerbach	196.5	86.9	–26.8	36.91	7.14	–1.56	43½
Gould	175.7	17.8	–175.7	19.59	3.58	–3.94	27⅛
Koppers	150.0	28.8	–101.1	19.31	5.51	–3.72	23⅜

NA: Not available.

known as Big Bath accounting, was used by dozens of businessmen in 1985's fourth quarter. It seemed a good time to take the hit. The stock market was strong enough to absorb the modestly bad news, and, besides, everyone was doing it.

Why do managers wait so long to take their medicine? Why are they so reluctant to write down assets on a regular basis? "Because it doesn't make them look like very good stewards of shareholders' interests," says a partner at Arthur Young & Co., who asked not to be identified, "particularly if they were the ones who said, 'Let's buy this business.' "

Avon Products' Chairman Hicks B. Waldron took the Big Bath. Waldron recently informed shareholders that he sold Avon's Mallinckrodt, Inc. division and booked a charge of $223 million in last year's fourth quarter. The charge washed fourth-quarter net income from $73.7 million in 1984 to a loss of $149 million in 1985.

Weren't Avon's pretax earnings then overstated by $223 million, up until the writedown? A reasonable question. But Waldron ignored that. Accentuating his "asset redeployment program," Waldron said he expected "earnings to improve steadily in 1986."

An immediate benefit, of course, of a Big Bath is to make your vital return on equity number look better. If you decrease the denominator faster than the numerator, the value of any fraction will grow to the sky.

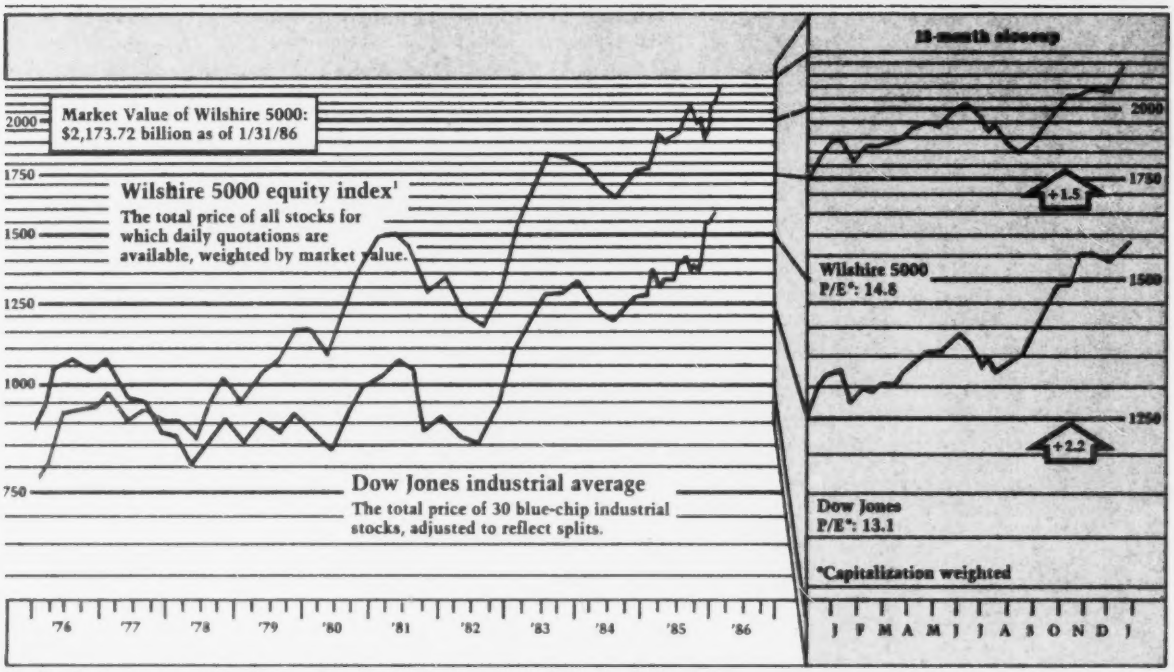
When T. Boone Pickens was chasing after Unocal, for example, Fred Hartley stoutly defended Unocal's shale oil investment. With Pickens out of the way, Hartley wrote the investment off in last year's fourth quarter, at a cost of $250 million. The beauty of Big Bath accounting is that you decide when to face the music.

A modest proposal: Let managements take their Big Baths subjectively, but make them take the charges against *future* earnings, rather than bunching them up in one quarter's accounts as a special item. Since management overstated past earnings, why not make them understate future earnings to compensate? This is not allowed under current accounting rules, but say this for such a proposal: It would make managements pay for their mistakes where it really hurts.

Nothing wrong with admitting mistakes, but don't expect investors to forget that many of these same managements were responsible for the bad judgment in the first place. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Reality keeps pace with the market. In the last two weeks the 30 Dow industrial stocks rose another 2.2%, bringing the average to an alltime high. But over the same period the weighted average P/E multiple for Dow companies fell from 13.2 to 13.1. Reason: IBM reported fourth-quarter earnings, and for the 12 months ending in December, the company's earnings rose to $10.67 a share, compared with $9.86 for the 12 months ending in September. With $93 billion of stock outstanding, IBM carries the most weight in the average.

IBM was one of the first Dow companies to announce fourth-quarter results. The Institutional Brokers Estimate System, which compiles earnings forecasts from hundreds of security analysts, reports that overall earnings should improve as the remaining issues in the Dow average release December results. This means that, even if share prices continue to rise over the next several weeks, the multiple on the Dow should stay in the low teens.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.9	0.8	1.4	0.5	–1.6	3.1
in last 52 weeks	18.9	21.7	23.0	18.3	8.9	20.6

Stock performance based on six key investor yardsticks

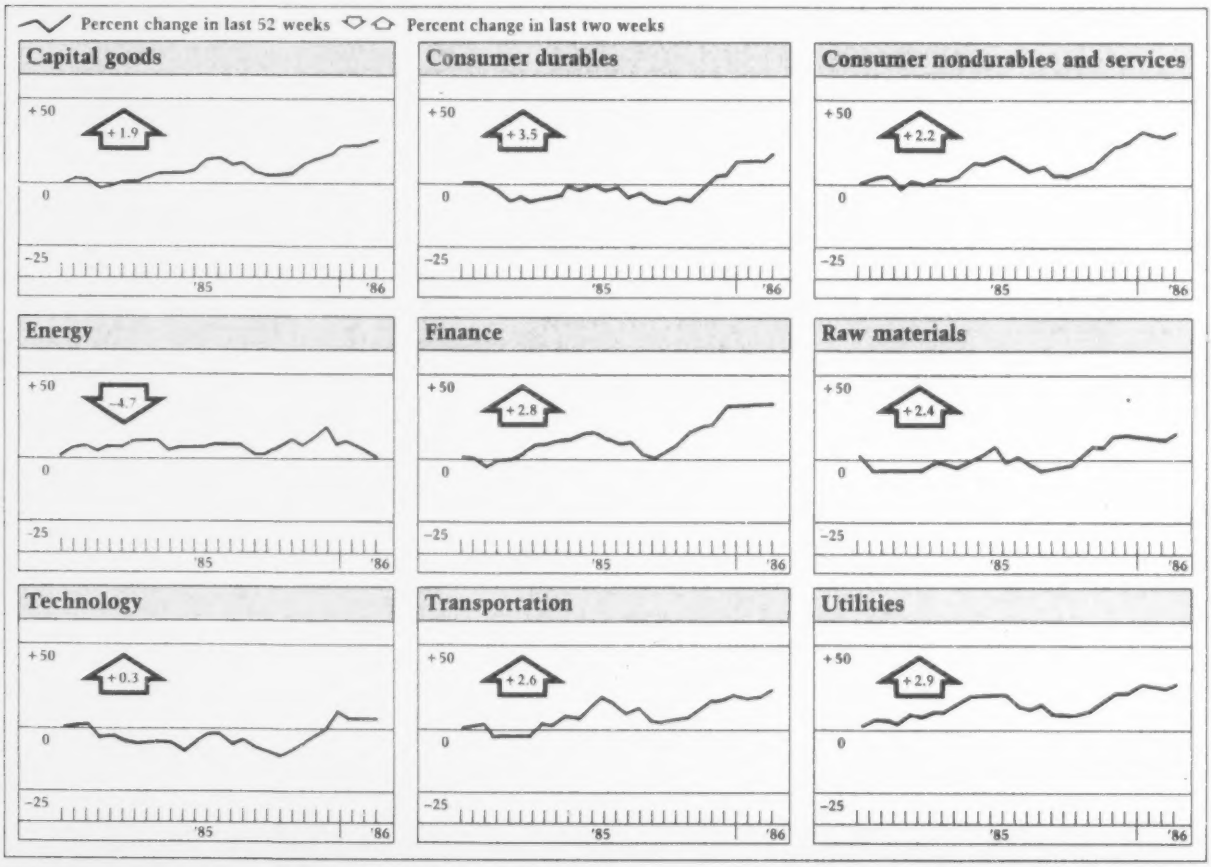
Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.8	7.2	5.5	2.3	2.3	3.6	1.2	6.0	4.5	3.0	2.6	5.7
in last 52 weeks	21.9	27.7	40.1	28.9	16.4	29.7	22.5	34.1	42.1	30.2	32.8	14.6

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/31/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

The bottomless oil pit. The rising tide on Wall Street, in which the Wilshire index rose 18.9% during the last 52 weeks, had been keeping the price of energy stocks barely above the surface. But no longer. In the past four weeks, as oil prices tumbled, the energy sector went under. A four-week decline of 7.4% for the group gives it a 1.8% loss on a 52-week basis. The Chapter 11 filing by Global Marine, a large offshore driller, reminded the market of the dangerous overleverage in some oilfield services stocks. Meanwhile, Atlantic Richfield, which announced a temporary suspension in its stock-buyback plan, took more than a 12% hit during the last ten trading days. Once again, it appears that investors looking for a bottom in oil shares will have to wait a little longer.



What The Analysts Think

Gambling on Motown. During the last two weeks analysts made slight upward adjustments in their 1986 earnings estimates for consumer durables. As a result, this group sells at only 8.4 times estimated earnings. The ratio runs between 3 and 7 for GM, Ford and Chrysler. Why so low? The battle against imports is far from over.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.15	13.8
1986 estimates	4.20	10.3
1987 estimates	NA	NA

NA: Not available.

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer durables	$ 4.39	8.4	% 0.34	% -0.03
2	Finance	3.88	9.6	-0.09	-0.07
3	Consumer nondurables	2.66	12.9	-0.13	-0.28
4	Utilities	3.38	8.5	-0.13	-0.19
5	Technology	2.93	12.7	-0.15	-0.37
6	Energy	3.48	7.8	-0.23	-0.77
7	Raw materials	2.33	12.5	-0.47	-0.61
8	Capital goods	2.84	12.7	-0.68	-1.17
9	Transportation	2.66	10.9	-2.16	-3.97

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 1/31/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kichen

Big institutions finally had reason to celebrate. Their equity accounts beat the market in the fourth quarter of 1985. For all of 1985, however, the pros did worse than the market.

These conclusions emerge from the Trust Universe Comparison Service maintained by Santa Monica, Calif.-based Wilshire Associates. TUCS monitors 20% of the estimated $1.4 trillion total in U.S. pension assets. The institutional equity accounts tracked by TUCS had a median total return—dividends plus capital gains or losses—of 17.5% for the fourth quarter of 1985, while the total return on the Wilshire index of nearly 5,400 securities was 16.8%. But for all of 1985 the total return on the Wilshire index was 32.6% vs. a median gain of only 31.4% on institutional equity accounts. According to Dale Stevens, a vice president of Wilshire Associates, 60% of the equity managers did better than the Wilshire index in the fourth quarter of 1985. But for both 1985 and 1984 only 42% of the equity managers fared better than the market.

The corporate habit of draining money out of pension funds continued: Institutional assets shrank 8.5% in 1985. A 27% median total return for all kinds of managed investments in 1985 *(see chart at right)* made it easier for corporations to withdraw assets and reduce contributions.

Over the last quarter all segments except equity show larger withdrawals than contributions. Note: The "shift in holdings" is computed after backing out the effect of rises in stock and bond prices. Thus, a $100 million account that enjoyed a 10% return but ended the quarter at $105 million would count as a holding that shrank.

Some of the funds for equity investment came from reductions in cash and equivalents, down 5.7%. Nonetheless, a significant portion of last quarter's gain in stock prices came from institutions trading stocks among themselves and pushing up prices, rather than from an influx of new cash into the market.

The table below shows that growth managers had an exceptionally strong fourth quarter. This is in sharp contrast to third-quarter results, when growth managers suffered the largest losses. Growth managers now show the best 12-month performance but still lag over 24 months.

The P/E ratio for institutional portfolios continues to climb, to 13.8 vs. 13.0 one quarter earlier. Meanwhile, the median yield on managed funds dropped from 3.7% in the third quarter to 3.1% in the fourth quarter.

How different managers performed

Manager style	Total return: recent quarter	12 months	24 months
Diversified	15.8%	29.7%	16.3%
Growth	17.9	30.9	12.6
Growth—emerging	17.0	31.4	13.0
Market timer	14.4	25.9	12.7
Sector rotator	16.1	28.9	14.6
Value	16.3	30.1	19.3

Where the institutions put their money

Segment	Portfolio weighting: most recent quarter	previous quarter
Equity	56.6%	55.4%
Fixed income	29.8	29.4
Cash and equivalents	9.9	11.5
Convertibles	0.9	0.8
Other[1]	2.8	2.9

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	13.8	13.5
Dividend yield	3.1%	3.6%
Beta[2]	1.04	1.07
Price/sales	1.05	1.00
Price/book	1.93	1.77

Segment performance and cash flows

Segment	Most recent quarter: median total return	shift in institutional holdings	Latest 12 months: median total return	shift in institutional holdings
Equity	17.5%	1.0%	31.4%	–4.6%
Fixed income	6.9	–0.2	21.0	1.4
Cash equiv	2.0	–5.7	8.5	–12.6
Convertibles	10.1	–6.9	26.9	–5.9
Other[1]	1.3	–1.5	4.5	–5.9
Total	12.8	–2.2	27.0	–8.5

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
Philip Morris	8.3%	19.3%	Ford Motor	–7.3%	33.1%
Amoco Oil	4.6	–4.6	American Brands	–2.5	21.8
Chevron	3.8	4.7	IBM	–2.1	26.6
Wal-Mart Stores	2.1	33.7	Fed Dept Strs	–1.9	20.9
FPL Group	1.4	25.9	Atlantic Rchfld	–1.7	5.1
American Exp	1.3	28.5	Gen Motors	–1.4	10.2
USG	1.1	37.2	Hosp Corp Am	–1.2	–7.7
ITT	1.1	12.6	Schlumberger	–1.2	7.5
NWA	1.0	–4.0	Beatrice	–1.1	23.9
Gen Electric	1.0	27.7	Lockheed	–1.1	4.4

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts.
[2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P's 500.
Note: Data for quarter ending 12/31/85. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
Security	% of institutional universe	% of Wilshire 5000	Security	% of institutional universe	% of Wilshire 5000
Digital Equipment	0.7%	0.4%	Exxon	0.7%	2.3%
Philip Morris	0.8	0.5	AT&T	0.4	1.3
American Express	0.8	0.5	IBM	3.6	4.4
McDonald's	0.6	0.3	Amoco	0.5	1.0
SmithKline Beckman	0.5	0.3	Royal Dutch Petroleum	0.5	1.0
Boeing	0.6	0.4	General Motors	0.8	1.2
Chrysler	0.4	0.2	EI du Pont de Nemours	0.4	0.8
Federal Express	0.3	0.1	BellSouth	0.3	0.7
Citicorp	0.5	0.3	Chevron	0.4	0.7
Syntex	0.3	0.1	Standard Oil of Ohio	0.3	0.6

Unload at the top. Institutions took advantage of the fourth-quarter rally to sell some issues that had above-market returns. Ford, for instance, had a total return of 33.1% but money managers reduced their positions by 7.3%. Did the experts goof? No. Ford is buying back shares and higher prices spurred institutions to take profits.

IBM, which hit a new high of 158¾ during the quarter, was the third most heavily sold issue. Beatrice, which is planning to go private, was sold by institutions that decided it wasn't worth the wait. *(See table, p. 134.)*

The table above shows that Amoco Oil and Chevron are among the most underweighted stocks relative to the Wilshire index—that is, these stocks are a bigger presence in the total Wilshire universe than they are right now in the institutions' portfolios. But during the last quarter institutions continued to buy these two oil stocks.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	4.0%	4.4%	Consumer durables	4.5%	5.6%	Consumer nondurables	29.2%	29.0%
	total return			total return			total return	
General Electric	27.7%		General Motors	10.2%		Philip Morris	19.3%	
Westinghouse Electric	19.1		Ford Motor	33.1		McDonald's	25.1	
Emerson Electric	17.8		Chrysler	31.2		SmithKline Beckman	19.5	
Caterpillar Tractor	19.1		RCA	44.5		Eastman Kodak	17.4	
Deere & Co	17.8		Goodyear Tire & Rubber	15.8		Sears, Roebuck	20.0	
Energy	**12.5%**	**12.8%**	**Finance**	**12.2%**	**11.2%**	**Raw materials**	**10.6%**	**10.3%**
	total return			total return			total return	
Exxon	8.1%		American Express	28.5%		Allied-Signal	6.4%	
Atlantic Richfield	5.1		Citicorp	23.4		EI du Pont de Nemours	19.7	
Royal Dutch Petroleum	0.8		Phibro-Salomon	24.2		Waste Management	23.9	
Schlumberger	7.5		American Intl Group	24.5		Dow Chemical	20.6	
Mobil	4.8		General Re	22.0		Monsanto	4.4	
Technology	**15.1%**	**14.8%**	**Transportation**	**3.2%**	**3.9%**	**Utilities**	**8.7%**	**8.0%**
	total return			total return			total return	
IBM	26.6%		Burlington Northern	9.5%		AT&T	22.8%	
Digital Equipment	22.3		Federal Express	38.2		Pacific Telesis Group	26.0	
Boeing	15.8		CSX	26.7		GTE	18.3	
Xerox	20.2		Norfolk Southern	20.7		Nynex	27.4	
NCR	22.2		AMR	6.8		Southwestern Bell	11.8	

MONEY & INVESTMENTS

Can a market letter turn you from a losing trader to a winning one? Probably not. But if all you need is discipline, a good market letter just might do the trick.

HELP FOR TRADERS

By Stanley W. Angrist

If the estimated number of commodity speculators who actually make money trading—thought to be around 20%—is anywhere close to accurate, then it's clear that traders need all the help they can get. And, of course, a new market letter appears almost every week to help solve the trader's profitability problem.

Are these newsletters any good? Bruce Babcock, with his *Commodity Traders Consumer Reports*, tries to help readers answer that question. Each year-end he presents a bushel of statistics that will help you decide if any of the market letters he monitors are for you. The accompanying table gives some of those statistics. (But as Babcock often points out, the numbers are not as important as finding a letter with an approach that fits your trading style.)

The first column shows the average profit per trade, the one number that probably provides the fairest way of comparing market letters. But this number does not take into account frequency of trading, the amount of margin used or commissions. And, as the second column shows, it is not necessary to have a high percentage of profitable trades in order to have a winning year.

It is highly unlikely that market letters will make you rich. The biggest increase in equity for the year went to the *Davis-Zweig Hotline*, with a gain in equity of about $35,000. This number was obtained by backing out any open profits existing at the beginning of 1985, then subtracting a charge of $130 per trade to cover slippage and commissions. (The argument might be made that this charge is too high, given the availability of discounters. But it makes the equity number a realistic one.) All calculations are on a one-contract-per-trade basis.

But traders must expect periods of poor trading. The maximum one-month drop in account equity is listed for each letter. In other words, how much adversity must you suffer in order to realize the equity increase shown? It can be considerable.

And last, the table shows how much the letter's recommendations actually return on margin. Several letters supplied recommendations that would have produced returns in excess of 90%. If you think a market letter can help, it would be advisable to subscribe to the *CTCR* (916-929-5308) to help you learn the characteristics of over 25 letters.

I don't believe the rally in gold for the following reasons: I see no signs of rekindled inflation, which is a necessary condition for a meaningful up move. I am not sure that the dollar will continue to weaken, which has provided some support to the market. Middle East tensions have been suggested as a factor helping to support the market. Such a state of stress has been with us for years. And the situation in South Africa is clearly more bullish for platinum than for gold.

One way to approach this situation is through a bear put spread, which involves buying an April 360 put/selling an April 340 put, for a net debit of around $8, or $800 per spread. The latter number is the most you can lose on the trade and is the amount of money you will have to put up to do it. The maximum profit is $1,200 and would be realized at any price under $340 for April gold. The upside break-even point is $352 per ounce.

High rollers might consider a ratio put spread. This trade could be put on by buying the April 360 put while selling two April 340 puts, for a net debit of $3.50 or $350 per spread. The maximum profit would be about $1,650; the margin around $2,300. At expiration, the upside break-even is about $358, while the downside break-even is about $324. Bail out of either position if the April futures cross either break-even price at any time. ■

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

Advisory scorecard

The table shows the performance record for eight of the advisory services that are tracked by *CTCR*. Probably the best number to measure the profitability of their advice is the average profit per trade.

Market letter	Profit per trade, 1985	Winning trades	Net equity increase	Maximum drawdown	Return on margin
Davis-Zweig Hotline	$470	44%	$35,406	$18,654	93%
Bullish Consensus	410	51	13,730	9,702	102
Factor Report	298	38	7,661	3,758	92
Today's Comm Options	252	45	3,184	5,054	30
Accu Comm Hotline	223	63	5,786	4,972	37
Demark Futures Hotline	214	51	23,801	31,665	55
Tomorrow's Comm	209	48	1,262	12,030	11
Elliott Comm Letter	181	36	3,599	3,065	38

Downstreaming

It used to be that every $1 drop in the price of crude oil translated into a 2.5-cent drop in the retail price of a gallon of gasoline. Forget the rule, says Los Angeles' Daniel Lundberg, who has tracked gas prices for 30 years. Gas station ownership is more concentrated, and the majors must again rely on downstream refining and marketing operations as wellhead prices fall. "Nobody wants to lose his ass," says Lundberg of his belief that retail price wars are unlikely.

How to play falling crude prices and reasonably firm pump prices? Crude-poor refiners and marketers like Ashland Oil and Getty Petroleum have already zoomed. But some of the majors that must buy a lot of crude remain attractive.

Take Mobil. It produces 1.4 million barrels a day of crude (including crude it gets under participation agreements in the Middle East), but refines 1.6 million barrels a day *(see table)*. The balance it buys on the spot market or on contracts at "net-back" prices that allow the purchaser to lock in a refining margin. Bryan Jacoboski, Paine Webber Mitchell Hutchins' international oil analyst, notes that the Royal Dutch/Shell group is also quite adept at market purchases. So, to a lesser degree, in Jacoboski's opinion, is Exxon. Exxon and Royal Dutch combine the added attractions of high yields (7% and 5.3%, respectively) and fortress-like balance sheets.

Oil stocks to avoid? Arco and Phillips, replies Thomas Escott, Paine Webber's domestic oil analyst. Escott worries about their high debt loads. There's also the fact that much of Arco's production is accounted for by Alaskan crude. Any benefit Arco might derive from a new tax on imported oil could be offset by the heavy costs of producing Alaskan crude.—**Kathleen K. Wiegner**

Going for brokering

As mortgage rates come down—30-year fixed rates are now 10.5% with no points—home sales and mortgage refinancings are up. Among the biggest beneficiaries is Dallas' $273 million (fiscal 1985 revenues) Lomas & Nettleton Financial Corp., the country's largest mortgage broker. L&N originates mortgages, sells them to investors and acts as the investors' agent by servicing the mortgages. For this it is paid a fee of around 0.4% on the $20.2 billion in mortgages it services. Five-year average annual return on equity: 19.2%.

Recently 38⅝ on the New York Stock Exchange, L&N was selling at 12.9 times latest 12-month earnings. Not cheap, but L&N has just completed a capital spending program that cost nearly $5.40 per primary share during 1984 and 1985; spending should now drop back to well under $1 per share. Bruce Garrison of Houston's Lovett Mitchell Webb & Garrison notes that loan originations are up sharply in the current fiscal year, and that last year's purchase of Jefferson National, a life insurance company with $6 billion of life insurance in force, should boost earnings as L&N pushes insurance through its 105 offices around the country. Alex. Brown & Co.'s Roger Powell thinks L&N will earn $2.80 a share in fiscal 1986 (ending June 30), up from $2.42 a share last year. On such earnings potential, who needs those recent acquisition rumors?—**Rita Koselka**

A foxy play?

With first-tier stocks getting expensive, Robert Quasman, an analyst with Oppenheimer & Co., has a second-tier suggestion: Foxboro Corp., the $540 million (estimated 1985 revenues) manufacturer of control systems for chemical, oil and gas and paper companies that was a high-flier during OPEC's heyday. That Foxboro lost money last year and had to omit its dividend is all old news and fully discounted, says Quasman. While he isn't optimistic the firm can add new business, he argues that a weaker dollar will take up the slack; about 50% of Foxboro's sales is overseas. A recent cost-cutting campaign could push earnings as high as $1.50 per share this year. Debt, meanwhile, is just 5.3% of capital.

Quasman pegs the stock's downside in the low 20s and the upside north of 30 as earnings improve. Insiders own around 23% of the company's 12.3 million shares and might well consider cashing out if the company fails to improve earnings dramatically by year-end.—**Lisa Gubernick**

80-cent dollars

You're worried the market is too high but feel you have to buy something. Are there any cheapies left?

Thomas Herzfeld, Miami's closed-end fund maven, puts forth two nominees. The first is NYSE-traded ML Convertible Securities, Inc., the $259 million (net assets) fund launched last October by Merrill Lynch. Forget the preferred stock, which commands a 14.8% premium over net assets. Far better, Herzfeld contends, is the common. Recently 8¼ it sold at a 22.7% discount from net asset value. Why? Because of dashed expectations that the common would quickly go to a premium, and year-end tax-selling. The fund is a dual-purpose fund; assets will be liquidated in 1997, so investors won't have to suffer a discount forever.

Second candidate: the $47 million Baldwin Securities Corp., which is under new leadership. Recently 9⅞ on the Amex, Baldwin's 3.8 million

Who buys the crude?

Company	Production of crude and NGL (thousands of bbl daily)	Refinery run	% of self-sufficiency	Debt/equity	Recent price
Amoco	849.0	897	96%	25.3%	56⅞
Ashland	21.6	300	7	90.6	37½
Atlantic Richfield	713.2	741	96	78.3	52⅝
Exxon	2,400.0*	3,200	75	19.1	51¾
Mobil	1,400.0*	1,600	88	79.4	29⅝
Royal Dutch/Shell	1,600.0	3,300	49	RD 26.5 S 26.2	RD 62¼ S 37½
Standard Oil of Ohio	634.4	406	100	91.3	47¾
Unocal	251.8	351	72	146.3	23¾

*Includes amounts acquired under participation agreements with countries in the Middle East.

2/27/86
C39501

MARCH 10, 1986 THREE DOLLARS FIFTY CENTS

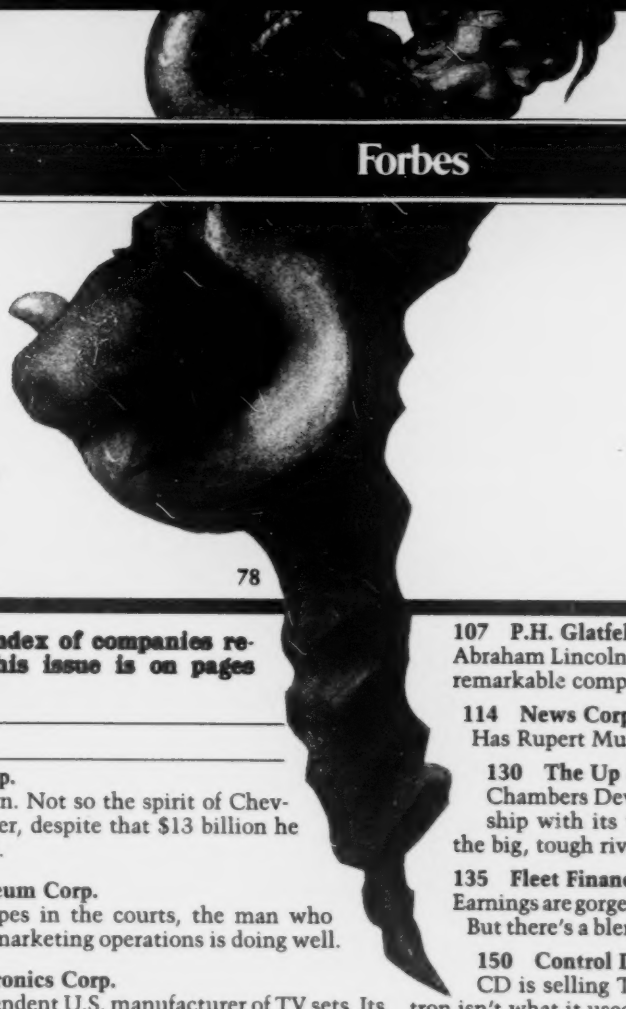
Forbes

FEELING FOR THE BOTTOM

0 74820 00831 0
1.0
******** CAR-RT SORT ** CR02
T2910378 SZ ZZ 0004
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
522 EASTWEST HWY
HESDA MD 20814

Forbes

March 10, 1986
Volume 137
Number 5



78

The editorial index of companies referred to in this issue is on pages 204 and 205.

Companies

32 Chevron Corp.
Oil's price is down. Not so the spirit of Chevron's George Keller, despite that $13 billion he spent on Gulf Oil.

34 Getty Petroleum Corp.
While Texaco copes in the courts, the man who bought its Getty marketing operations is doing well.

40 Zenith Electronics Corp.
It's the last independent U.S. manufacturer of TV sets. Its chairman doesn't seem particularly worried.

56 Avemco Corp.
A profitable business is threatened, but at least Avemco saw the clouds forming.

63 The St. Paul Cos.
Why write more medical malpractice business when other insurers are fleeing the line?

75 First Security Corp.
George and Marriner Eccles built it into one of the West's best banks. A nephew now oversees its decline.

88 VF Corp.
Why complicate a business when it is so much more profitable to keep it simple?

107 P.H. Glatfelter Co.
Abraham Lincoln was its first big customer, and this remarkable company has never looked back.

114 News Corp.
Has Rupert Murdoch finally overextended?

130 The Up & Comers
Chambers Development was forced into partnership with its well-capitalized rival. Too bad for the big, tough rival. Also: Sierra Spring Water.

135 Fleet Financial Group
Earnings are gorgeous, and Wall Street loves the stock. But there's a blemish on Terrence Murray's bank.

150 Control Data
CD is selling Ticketron to raise cash. But Ticketron isn't what it used to be.

Industries

36 Aerospace
Are aviation companies trading away jobs and technology for foreign orders?

46 Patent Law
It used to be a joke in this country. No more.

78 Cover Story: Steel Will Come Back
Conventional wisdom puts the industry somewhere along the dying-dead-buried curve. But steel will be made profitably in this nation again.

92 Airlines
There are two basic ways to fly somewhere: the list price way and the discounters' way.

Departments

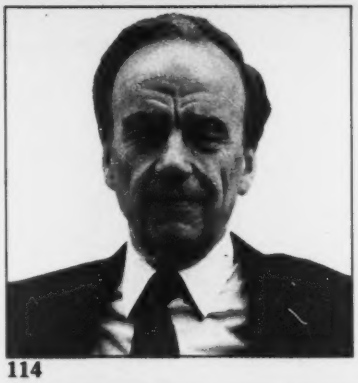
6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
207 Flashbacks
208 Thoughts

Money & Investments

25 What's Ahead For Business
26 The Forbes Index
183 The Forbes/Wilshire 5000 Review

Columnists

191 Ben Weberman
192 Susan Lee
196 David Dreman
198 Ann C. Brown
200 Srully Blotnick
201 Stanley W. Angrist



114

122

166

International

30 Dollar Shokku
Japanese investors will still help fund U.S. deficits. But whether that's healthy for the U.S. is another question.

50 Italy
Free enterprise transforms the land of dolce far niente.

Taxing Matters

96 You Can't Fight City Hall
The IRS has loaded the tax bill with "reforms" to frustrate the courts. Also: Fake art; TV game shows.

On The Docket

100 Somebody's Gotta Pay!
Is there any end to product liability suits?

Numbers Game

102 Risky Business
The regulators try to measure bank risk.

Investing

122 Here We Go Again
This could be the new-issues market's hottest year ever.

136 The Money Men: Charles Ellis
If you can't beat the market, don't feel bad. Here's why.

140 The Money Men: Kenneth Oberman
Where to find a profitable airline at less than 4 times earnings? Look to Scandinavia.

146 The Funds: En Garde!
Smart brokerage customers are on guard against churning. Fund customers should be equally watchful.

186 Statistical Spotlight
Our crapshooting computer picked five model portfolios in 1984. Only one did well: Low P/E scores again.

202 Streetwalker
North American Coal; Fay's Drug; J.C. Penney; Norton; Dravo.

Marketing

152 Styling For The Masses
Braun's sleek stylists cut in on the electric shaver market. Also: The two ways of marketing in Japan—their way or not at all.

Technology

158 The Computer Chip As Cook
Computers are headed into the kitchen. Here's why you can never again call a refrigerator an icebox.

Personal Affairs

166 Hong Kong
Who's worried about 1997? In the Crown Colony the order of the day is still deals, demolition and dim sum.

Careers

174 When The Teaching Has To Stop
We have many more teachers than we need, yet academe keeps producing more. What's an English Lit prof to do?

Faces Behind the Figures

176 Joseph E. Cappy, *American Motors*
176 Wally Amos, *Famous Amos*
178 Brenda Dean, *Society of Graphical & Allied Trades*
178 James Guyette, *United Airlines*
180 Al Parsons, *Southwestern Bell Corp.*
180 Larry Taylor, *BellSouth Corp.*

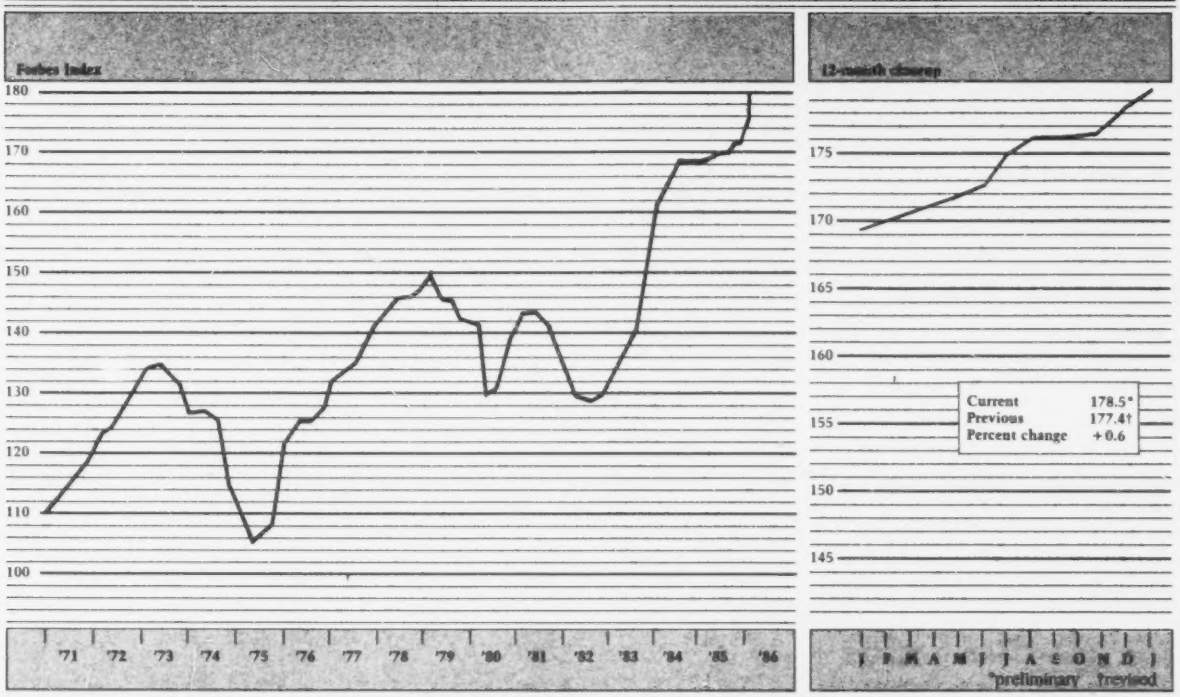
March 10, 1986 Volume 137 Number 5 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Peter de Sève

The Forbes Index



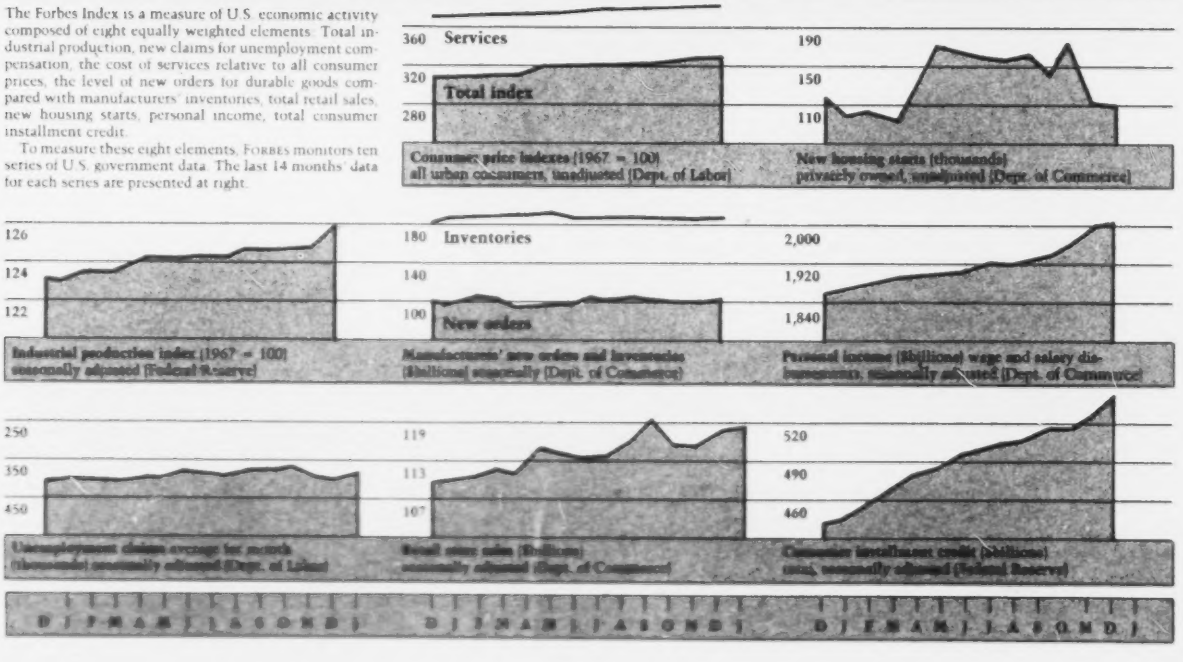
Net, net, no complaints. Total retail sales merely inched ahead in January—up 0.1%. It was the lamest performance since the component declined 3.9% in October. Were it not for Detroit's financing incentives, which pushed auto sales up 0.9%, overall sales would have been down 0.2%.

The torrid pace of consumer spending and borrowing in the past year was clearly unsustainable, but it's not headed for the pits. Both personal income and consumer spending are likely to be boosted by cheaper energy costs, lower interest rates and a 5.3% month-to-month drop in new unemployment claims. In addition, manufacturers' new orders for durable goods went up 4.3%, while inventories were virtually unchanged.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The worst is yet to come

"We're supposed to be the resident cynics, and we've been too optimistic," says Charles Maxwell, a gray-haired analyst at Cyrus J. Lawrence in New York City. Maxwell has been an eloquent pessimist about oil prices since 1980. All last year he was saying oil could go to $22. He has been more than vindicated. Now listen to him.

Oil, which has dropped 50% on the spot markets since mid-November, will drop even lower. This year Maxwell foresees prices of $13 a barrel, and perhaps as low as $8.

Even at $13 spot prices, earnings and dividends would be off sharply at most big oil companies. How badly off? Maxwell and his colleague, analyst Frederick Leuffer, think some of the highly leveraged oil companies might be hard-pressed to survive.

"At $20 a barrel, a lot of damage is done to earnings," says Leuffer, who is gloomier than other analysts *(see story)*. Chevron's earnings would be $3, down 29% from last year. At historical price/earnings multiples, Leuffer would expect Chevron to sell in the low- to mid-20s, but the stock was recently 35¾. Texaco's earnings would fall to 80 cents a share, he predicts.

At $15? "Only Exxon, Imperial, Royal Dutch/Shell, Kerr-McGee and Sohio [would] earn their dividends," Leuffer states in a recent report. Some oil giants—Mobil, Texaco, Amoco, Occidental, Phillips and Unocal—would not even cover their dividends from their free cash flow, which Leuffer defines as operating income before depreciation but after taxes and nondiscretionary spending.

With the vindication of their bearish sentiments, Maxwell and Leuffer have been in demand. A morning interview with them is interrupted by a breathless colleague who has heard that Iranian troops are infiltrating the swamps near the Kuwaiti border. Maxwell responds crisply that the Iranians can't get their weapons through the swamps and returns to his gloomy oil-stock analysis.

Oil prices will keep falling because, in the short run, demand for oil is inelastic. You don't redesign chemical plants and tear out attic insulation when oil prices fall.

The noncommunist nations now consume some 45.5 million barrels of oil a day, 2 million or 3 million barrels less than production. That's not a huge surplus, but since prices are set at the margin, it is enough to play hell with prices. Maxwell figures that if free market forces prevail, spot prices could drop as low as $6 to $10 a barrel. "It takes that low a price to shut off oil [production] and increase demand to take care of 2 million [surplus] barrels from OPEC," Maxwell says.

Suppose the oil producers get together and say: Enough, let's have orderly cutbacks. Even so, Maxwell sees a decline to $12 to $14 a barrel.

The spot price for oil was recently about $16 a barrel, but large U.S. oil companies are still getting $22 to $24. Eventually, Maxwell says, the large refineries' posted prices will descend toward the spot prices.

"If [spot prices] get down to $12 to $14, Phillips and Unocal are certainly on our danger list," Leuffer says. (Thank you, Boone Pickens.)—**Robert McGough**

Dividend cuts ahead?

If oil goes to $15 and stays there, dividends of some big formerly blue chips are in trouble. Average refinery prices are currently higher but, in light of what's happening in the spot market, endangered.

Company	1985 EPS[1]	Indicated dividend rate	Estimated 1986 EPS —based on oil price of— $20/bbl	$15/bbl
Amerada Hess	$2.04	$1.10	$1.50	$0.50
Amoco	7.42	3.30	5.50	2.75
Atlantic Richfield	6.90	4.00	6.00	3.00
Chevron	3.85	2.40	3.00	0.80
Exxon	6.46	3.60	5.50	3.60
Imperial Oil[2]	3.04	1.19	3.53	2.66
Kerr-McGee	2.62	1.10	1.80	1.10
Mobil	3.79	2.20	2.20	1.00
Occidental Petroleum	2.20	2.50	1.80	0.00
Phillips Petroleum	1.59	1.00	0.00	–1.07
Royal Dutch Petroleum[2]	11.50[3]	3.29	10.00	7.80
Shell Transport[2]	6.80[3]	2.52	5.80	4.50
Standard Oil (Ohio)	6.21	2.80	5.00	2.75
Sun Co	4.71	3.00	4.10	2.40
Texaco	4.40	3.00	0.80	–3.00
Unocal[4]	3.48	1.20	1.60	–0.40

[1]Before nonrecurring items. [2]In U.S. dollars. [3]Estimate. [4]Includes Union Exploration Partners, Ltd.

Sources: Fred Leuffer, Cyrus J. Lawrence Inc.; Standard & Poor's; Value Line.

year's end.

The action upstream is calmer. Last November Keller sold Gulf's 60% stake in Gulf Canada Ltd. to Toronto-based Olympia & York, Ltd. That eliminated a lot of pressure. "Once we got $2.1 billion from Gulf Canada," Keller says, "any chance of having to have a fire sale was gone." Chevron is now looking hard at thousands of so-called stripper wells, those that produce five barrels of oil a day or less. Keller: "We're trying to package groups of [stripper well] assets that would have a higher value to a local operator who could then run them differently."

Gulf's paramount attraction to Keller, he says, was its oil and gas reserves. While Chevron had one of the best exploration records in the business, 34% of its production (excluding oil it got from Saudi Arabia from its Aramco participation) was outside the U.S. Its cost to find and develop reserves has been running at $10 to $15 a barrel. Acquiring Gulf more than doubled Chevron's proven reserves (to 1.97 billion barrels of oil and 8.65 trillion cubic feet of natural

The new-issues market picked up smartly last year, and 1986 could be its hottest year ever—surpassing even 1983.

Here we go again

By Richard L. Stern and Paul Bornstein

As things are shaping up, 1986 could be the biggest year for new issues in history, surpassing even the wild markets of the late 1960s and 1982-83. With market indicators hitting new highs, the investment bankers are sensing an increasingly voracious public appetite for new issues. Indeed, three brokerage houses themselves are going public: Alex. Brown & Sons, Morgan Stanley and L.F. Rothschild. In January alone some 102 companies filed to go public, compared with just 47 firms in January 1985.

Fodder for the high rollers? Of the 102, 31 were blind pools, companies that first take the money and then decide what to do with it. But the pacesetter for the new boom may be Microsoft, a computer software company that is being talked up on The Street much the same way Apple Computer was when it came public in late 1980.

The seeds for a frenetic new-issues cycle this year were sown quietly and with little notice last year. In terms of money raised, 1985 was the second-biggest year ever for initial public stock offerings, according to Forbes' survey of initial public offerings (IPOs). Last year 494 companies offered their stock to the public for the first time and raised $8 billion. This fell well short of the 863 companies that raised $12.6 billion in the wild 1983 record year, but it was a smart gain over 1984's 526 issues, raising $3.6 billion.

And that sort of gain generates a momentum that can launch a new-issue frenzy. Some 56% of last year's 494 issues were up over their offering price as of Feb. 6, and even more important, 50% outperformed the S&P's 500 over that period.

Which is generally the stuff of hot new-issues cycles that then develop along predictable lines. Fanned by a burst of short-term gains, greedy investors pour into the markets. Delighted brokers feed the demand by foisting increasingly speculative issues on the public.

For individual investors, this is a cautionary tale, but it's a good deal for everyone else. The newly public companies get a nice chunk of fresh cash, and the brokers and investment bankers clean up on fees, commissions and trading profits. In the end the cycle collapses and the investing public discovers its briefly high-flying short-term holdings have turned into long-term losers.

How do we know this? In Decem-

Biggest IPO underwriters

These investment bankers raised the most equity money in 1985. For each issue, the three lead managers were each credited for the total.

Rank	Underwriters	Money raised ($mil)
1	Shearson Lehman Brothers	$2,274
2	Merrill Lynch	2,273
3	Goldman Sachs & Co	1,718
4	Salomon Brothers	1,384
5	First Boston Corp	954
6	Kidder Peabody & Co	695
7	EF Hutton	568
8	Smith Barney Harris Upham	527
9	Paine Webber	487
10	Bear Stearns & Co	468

Top 1985 new issues

Below are the 36 best and the 10 worst performing new issues over $1. Price/earnings ratios were calculated only for companies with 12 months of earnings. A negative P/E means the company lost money.

Company	Date of offering	% performance actual	% performance relative to S&P's 500	Offer price*	P/E at offering	Current price	Underwriters
Entertainment Marketing	7/10/85	281%	236%	$2.00	40	$ 7.63	Comiteau Levine & Co
Control Resource Industries	8/ 1/85	230	191	5.00	24	16.50	Steinberg & Lyman
Insituform Group	4/16/85	227	169	4.20	12	13.75	Rooney Pace Inc
GridComm	7/18/85	213	178	6.00	Neg	18.75	Gilford Securities
Radiation Disposal System	6/13/85	210	162	1.25	NA	3.88	MH Meyerson & Co
Instructivision	8/27/85	200	162	1.50	NA	4.50	Denton & Co
Color Systems Technology	8/ 1/85	173	140	5.00	Neg	13.63	Whale Securities
Sonex Research	4/18/85	153	107	5.00	Neg	12.63	Rosenkrantz Lyon & Ross

*Per share. NA: Not available. Neg: Negative.

Sources: Forbes; Securities Data Co.; Institute for Econometric Research.

ber we unveiled FORBES' IPO survey (FORBES, *Dec. 2, 1985*), tracing the performance of 2,800 new interstate stock offerings from January 1975 through June 1985. We also ranked the overall performance of the investment bankers who brought them public. FORBES' conclusion is that new issues are great moneymakers for investment bankers, but, in general, poor long-term investments for the public.

Since then, with the help of the Institute for Econometric Research in Fort Lauderdale, Fla. and Securities Data Co. of New York City, we've updated the database through 1985. It now contains some 3,100 public companies, and we've traced their performance through Feb. 6, 1986. We've also included price/earnings ratios of the IPOs when they went public, and segmented the offerings by industry categories.

Here are some of our findings:

• Shearson Lehman Brothers raised more money than anyone else in 1985, while number two Merrill Lynch missed tying for first place by a scant $1 million *(see table p. 122)*. Shearson last

Top 1985 new issues

Company	Date of offering	—% performance— actual	relative to S&P's 500	Offer price*	P/E at offering	Current price	Underwriters
PDA Engineering	1/18/85	152%	93%	$7.25	23	$18.25	Prudential-Bache LF Rothschild
JPM Industries	7/ 1/85	150	120	2.00	Neg	$ 5.00	Joseph McGivney
Consolidated Stores	6/20/85	141	106	7.25†	31	17.50	Merrill Lynch Prescott Ball & Turben
Sbarro	5/ 8/85	140	97	10.37	14	24.88	Prudential-Bache
Enseco	6/27/85	131	102	6.50	59	15.00	Ladenburg Thalmann & Co
Beebas Creations	9/18/85	126	89	8.25	15	18.63	Ladenburg Thalmann & Co
New World Pictures	10/25/85	125	95	7.50	94	16.88	LF Rothschild
Autodesk	6/28/85	125	97	11.00	24	24.75	LF Rothschild Alex Brown & Sons
Centrafarm Group	1/14/85	124	71	6.75	17	15.13	LF Rothschild
To-Fitness	6/28/85	120	93	5.00	NA	11.00	Meridian Securities
Chemclear	10/10/85	119	85	8.00	35	17.50	DH Blair & Co
Union Federal S&L	2/14/85	113	75	8.75	7	18.63	EF Hutton Shearson Lehman Brothers
HE Ventures	8/16/85	113	82	2.00	NA	4.25	Yves Heattic
TSO Financial	10/21/85	112	84	7.25	13	15.38	Kidder Peabody & Co
Anitec Image Technology	5/23/85	109	78	11.00	9	23.00	Smith Barney Harris Upham Donaldson Lufkin & Jenrette
Circadian	6/ 6/85	108	81	6.00	46	12.50	Hambrecht & Quist
Crossland Savings	10/23/85	107	81	9.00	2	18.63	Salomon Brothers Smith Barney Harris Upham Paine Webber
Health Images	7/30/85	106	80	2.00	67	4.13	Spectrum Securities
Praxis Pharmaceuticals	1/17/85	104	56	1.50	NA	3.06	Muller & Co Gaines Berland
Reebok Intl	7/26/85	100	76	17.00	14	34.00	Kidder Peabody & Co Merrill Lynch
Spectra Pharmaceutical	12/ 5/85	100	90	2.00	NA	4.00	Chapin Davis & Co
LSI Lighting Systems	3/12/85	100	62	12.50	12	16.63	Drexel Burnham Lambert Ladenburg Thalmann & Co
Binghamton Savings Bank	9/19/85	99	68	8.75	Neg	17.38	Alex Brown & Sons First Albany Corp
Amer City Bus Journals	7/18/85	95	74	10.50	53	20.50	Blunt Ellis & Loewi George K Baum
Braintree Savings Bank	6/13/85	86	57	10.50	4	19.50	Moseley Hallgarten Estabrook
Western Fed Sav Bank	2/14/85	84	51	8.00	3	14.75	Drexel Burnham Lambert
Central Sprinkler	5/16/85	84	56	12.75	14	23.50	William Blair & Co
Mutual Home Fed Sav	1/27/85	83	45	6.50	NA	11.88	Self

*Per share. †Adjusted for 2-for-1 split. NA: Not available. Neg: Negative. *Sources: FORBES; Securities Data Co.; Institute for Econometric Research.*

year was a top manager for 16 issues that raised $2.274 billion, and Merrill was a lead honcho for 33 issues that pulled $2.273 billion.

● While 1985 was certainly a strong IPO year, it did not bring out the large crop of overblown, superspeculative issues that surfaced, say, in a high-volume boom market like 1982-83 (FORBES, *Aug. 1, 1983*). In fact, a single pair of monster offerings, the largest ever—an $824 million issue by Firemen's Fund and Rockefeller Center Properties' $750 million issue—accounted for 19% of the $8 billion raised.

● By industry category, the most new issues, 45, came from savings and banking institutions, which brought in $810 million, another 10% of the year's total.

● Last year saw the vigorous rebirth of real estate investment trusts, the industry group that raised the most money. Nineteen REITs, including Rockefeller Center Properties, raised $2 billion. But the results for investors in these top categories were quite different. The savings and banking institutions were up 49%, outperform-

Patrick McDonnell

The worst performers over $1

Company	Date of offering	—% performance— actual	relative to S&P's 500	Offer price*	P/E at offering	Current price	Underwriters
Cellufone	2/ 7/85	–78%	–82%	$5.00	Neg	$1.13	Muller & Co
Marcom Telecommunications	5/29/85	–76	–80	3.13	20	0.75	Shoenberg Hieber Inc
Cardinal Entertainment	3/ 8/85	–75	–80	2.00	Neg	0.50	SD Cohn & Co
CS Television	4/30/85	–73	–78	2.50	NA	0.69	First Eastern
Donny Osmond Entertainment	1/16/85	–73	–79	5.00	NA	1.38	EJ Pittock & Co First Securities of Columbus
Quantum Diagnostics	7/18/85	–71	–74	3.00	Neg	0.88	Broadchild Securities
Emery Datagraphics	4/24/85	–71	–76	1.06	Neg	0.31	EJ Pittock & Co
Video Science Technology	3/ 1/85	–69	–74	2.00	Neg	0.63	JF Hoffman Securities
La Delite	8/ 7/85	–69	–77	7.50	NA	2.00	Patten Securities
R2 Corp	4/18/85	–66	–71	2.00	Neg	0.69	First Florida Securities

*Per share. NA: Not available. Neg: Negative.

Sources: FORBES; Securities Data Co.; Institute for Econometric Research.

Top ten pennies

These are the best performing issues of $1 and under of the 142 penny stocks brought public in 1985. No available P/E means no 12-month earnings. Negative P/E means the company lost money.

Company	Date of offering	—% performance— actual	relative to S&P's 500	Offer price*	P/E at offering	Current price	Underwriters
Metcom	3/21/85	3,500%	2,841%	$0.01	NA	$0.36	Western Capital
Metro Funding	6/12/85	1,150	979	0.05	NA	0.63	Self
Asian Equities	4/26/85	900	733	0.01†	NA	0.10	First Philadelphia Corp
Sintech	2/ 5/85	550	428	1.00	NA	6.50	Friedman Manger & Co
Inter Venture	3/29/85	525	415	0.10	NA	0.63	Self
Best Buy Drugs	8/ 1/85	350	300	0.10	100	0.45	J Brooks Securities
Judicate	3/21/85	300	224	1.00	Neg	4.00	MH Meyerson & Co
American Foodworks	3/ 7/85	300	226	0.01	NA	0.04	J Brooks Securities
Catalina Capital	9/ 6/85	300	250	0.02	NA	0.08	Alpine Securities
Razzmo Industries	8/16/85	300	245	0.02	NA	0.08	Alpine Securities

*Per share. †Trading as a unit. NA: Not available. Neg: Negative.

Sources: FORBES; Securities Data Co.; Institute for Econometric Research.

ing the S&P's 500 by 36% by year's end. But 15 of the 19 REITs were down, a cold bath for investors who bought their broker's spiel that these were a safe investment that would yield 7% or more.

● While there were plenty of rotten new issues around last year (about 40%, remember, were down from their offering price), there was not as much fluff, in terms of inflated P/Es, as in some years past. First of all, only 208 of the 494 that came out in 1985 had 12-month earnings and thus P/Es that were calculable (106 had negative earnings and the rest no 12-month numbers). Second, the average P/E turned out to be a relatively low 25 compared, say, with an average 45 for the 434 companies with earnings in 1983. Last year, in fact, marked the lowest average P/E ratio for IPOs since 1978's average of 14, when there was just a dribble of public interest in new issues (only 68 came to market).

● Although the P/Es were not out of line, there were other signs of an emerging speculative fever in 1985. Along with REITs, the penny stock market was born again. It had all but died after August 1983, when the new-issues market collapsed. One hundred forty-two IPOs with prices of $1 or less went public in 1985, and they were definitely not for conservative investors. As the table on page 125 shows, only one of the top ten penny performers, Best Buy Drugs, a Florida retail chain with 11 stores, even had a P/E, and that was 100 times earnings.

There also was stepped-up activity at some of the hot new-issues firms whose records show them to be long on hype and short on substance. (To measure consistency and performance quality, FORBES looked at the percentage of an investment banker's new issues that managed to outperform the Standard & Poor's 500.) Some of the poorest long-term performers by this measure showed a burst of activity again last year. Significantly, the top-performing new-issuer for 1985 was Rooney Pace *(see table, left)*. But while six out of seven of Rooney Pace's 1985 new issues outperformed the S&P's, the firm's long-term performance is dismal. Only 14% of its new issues through 1984 have outperformed the S&P's.

The ten top-performing new issues for 1985 also demonstrated the public's growing appetite for the speculative *(see table, p. 122)*. Four of the issues—Sonex Research, a combustion engine research firm with granted and pending patents on its technology; GridComm, which is developing new data transmission technology; J.P.M. Industries, an aspiring financial services company; and Color Systems, a company that converts black-and-white movies to color—were losing money when they went public.

Two others—Radiation Disposal System, a developer of waste disposal technology, and Instructivision, an education software developer—did not have a history of earnings from which to calculate a P/E.

The number one performer, Entertainment Marketing, which distributes consumer electronics products such as stereos and televisions, most recently had a P/E of 38.

So here we go again. The public is off to the races and will end up taken to the cleaners. ■

The year's best performances

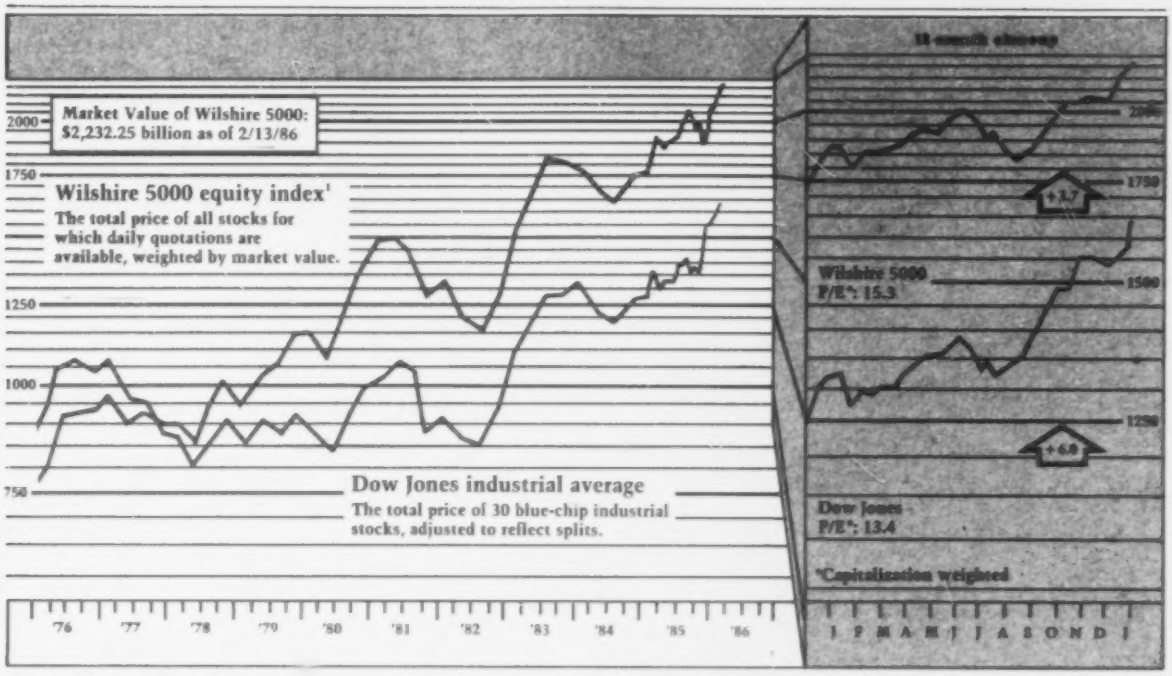
Investment bankers with five or more issues are ranked by the percentage of their IPOs that outperformed the S&P's 500. Ties were broken by the percentage of issues with actual gains. "Long term" is the percentage of issues from 1975 through 1984 outperforming the S&P's.

Rank	Underwriters	Number of issues	—% performance— actual	relative to S&P's 500	—% of issues with gains— Long term	actual	relative to S&P's 500
1	Rooney Pace Inc	7	61%	36%	14%	100%	85%
2	Drexel Burnham	18	34	18	50	94	83
3	Morgan Stanley & Co	6	29	12	40	83	83
4	Ladenburg Thalmann	9	48	29	21	88	77
5	Alex Brown & Sons	7	42	21	30	100	71
6	Stuart James	7	68	44	50	85	71
7	LF Rothschild	7	78	46	21	71	71
8	William Blair & Co	7	23	6	63	71	71
9	Moseley Hallgarten	6	44	29	27	83	66
10	EF Hutton	12	38	19	45	75	66
11	Salomon Brothers	8	35	17	60	75	62
12	Merrill Lynch	33	30	23	39	75	60
13	J Brooks Securities	5	138	101	50	60	60
14	Steinberg & Lyman	5	77	55	NA	60	60
15	First Albany Corp	5	27	15	20	60	60
16	Hambrecht & Quist	7	32	14	26	57	57
17	Shearson Lehman Bros	16	22	6	50	62	56
18	Dean Witter Reynolds	9	12	–2	42	77	55
19	Donaldson Lufkin	9	24	9	35	66	55
20	Bear Stearns & Co	11	19	7	39	63	54
21	Paine Webber	11	31	13	43	63	54
22	Smith Barney	13	29	31	30	69	53
23	First Boston Corp	10	18	27	42	70	50
24	Advest Inc	8	14	2	40	62	50
25	DH Blair & Co	15	8	–6	35	60	46
26	Prudential-Bache	11	24	4	32	45	45
27	Patten Securities	7	15	–2	28	57	42
28	Blunt Ellis & Loewi	5	23	11	50	40	40
29	Lazard Frères	8	16	2	66	75	37
30	Goldman Sachs & Co	14	9	–4	42	42	35
31	Blinder Robinson	6	27	8	10	83	33
32	Wheat First Securities	6	21	3	50	50	33
33	Kidder Peabody & Co	14	10	–2	30	42	28
34	SD Cohn & Co	5	–3	–19	40	20	20
35	Vanderbilt Securities	6	20	3	NA	50	16
36	Dillon Securiues	5	–43	–50	25	20	0

NA: Not available.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Where the action isn't . . . and is. Not all share prices are going through the roof. Even as the Wilshire index of more than 5,500 issues set records almost daily, 120 NYSE and 67 Amex stocks fell to new lows. Lists of the worst-performing stocks on each exchange are dominated by oil shares. The Amex market composite index, where oils contribute some 22.9% of overall capitalization, shows a 0.6% decline in 1986, vs. a 3.7% rise in the Wilshire.

But the bad news in the Amex composite obscures better news in some of its components. Half of the eight major stock groups monitored by the American Stock Exchange significantly outperformed the Wilshire. The Amex service group rose 6.8%, capital goods issues gained 6.6% and finance stocks increased 5.9%. It was a 16.6% decline in the natural resource group (largely energy issues) that devastated the Amex composite.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	4.1	4.3	6.7	4.0	-1.5	5.4
in last 52 weeks	19.1	22.4	27.7	18.6	5.8	29.6

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.0	4.4	4.0	3.3	3.9	4.7	2.2	2.9	2.7	5.0	6.1	0.9
in last 52 weeks	22.2	22.5	33.5	27.7	15.1	27.5	21.3	26.4	34.3	30.2	33.2	0.0

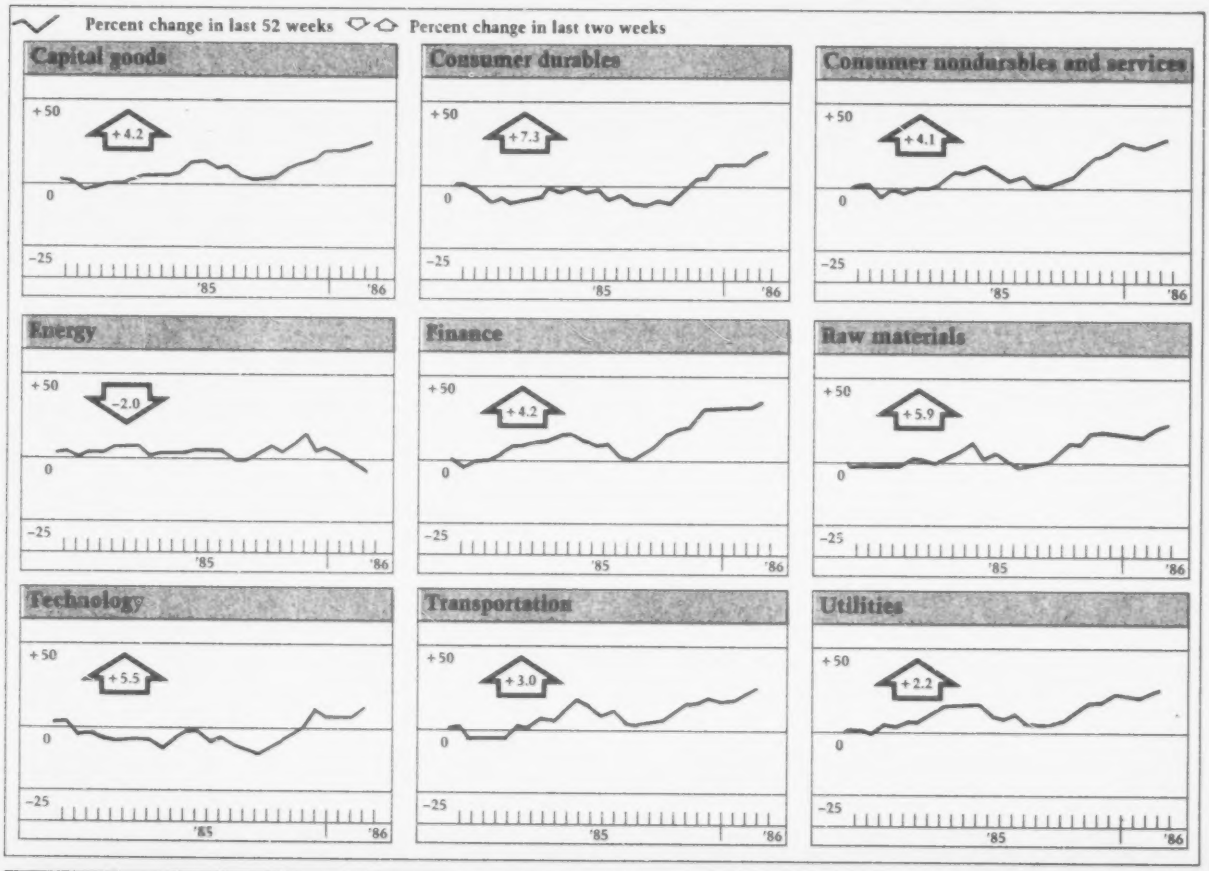
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/13/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Traffic patterns. The same falling crude oil prices that pushed oil stocks down—the oil sector fell 9.1% over the last four weeks—have given auto stocks a lift. With Chrysler, Ford and General Motors among the best-performing consumer durables shares, the auto sector shows a two-week gain of 7.3%, a four-week gain of 11.6%.

Investors think that cheaper oil will boost sales of larger—higher-margined—domestic models, but other problems lie ahead. Inventories have grown, sales momentum has weakened, cheap new imports are coming into the market, and Japanese manufacturers are building U.S. assembly plants. Security analysts expect lower earnings in 1987 for domestic manufacturers. Don't be surprised if auto stocks run out of gas.



What The Analysts Think

Positive second thoughts. Analysts' earnings forecasts tend to be overly optimistic the first time around, only to be scaled back later. Over the last two weeks, however, the analysts had surprising second thoughts in two cases. They raised their 1986 earnings estimates for both consumer nondurables and finance.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.17	14.1
1986 estimates	4.18	10.7
1987 estimates	5.15	9.3

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer nondurables	$2.62	13.2	%2.64	%2.51
2	Finance	3.86	9.9	0.74	0.66
3	Capital goods	2.84	13.2	-0.07	-0.76
4	Consumer durables	4.37	8.8	-0.10	0.23
5	Utilities	3.37	8.6	-0.23	-0.35
6	Raw materials	2.30	13.0	-0.66	-1.04
7	Technology	2.89	13.4	-0.99	-1.14
8	Transportation	2.63	11.4	-1.11	-3.29
9	Energy	3.44	7.7	-3.09	-3.38

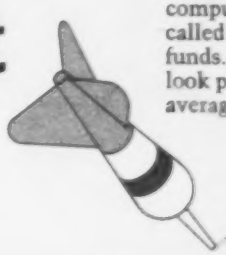
Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 2/13/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

Gay French

Our crapshooting computer picked five model portfolios in 1984. Only one did well: low P/E scores again!

Not-so-smart dart



By Steve Kichen and Michael Oxanian

CAN YOU BEAT the market with a personal computer? FORBES gave this proposition a try in 1984 with five computer-generated portfolios we called Smart Dart and Pure Play funds. Results to date: Four of the five look pretty dumb, trailing the market average by 4 to 41 percentage points. The one that scored was a collection of stocks selling at low price/earnings ratios—that is, cheap.

The small sample size and the brief study period

Low P/E

With a 64% gain since June of 1984, these computer-selected low-P/E stocks made the most money.

Company	Current value of initial $1,000 positions
American Century	$ 687
Central Maine Power	1,359
Chase Manhattan	1,804
Chemical New York	1,645
Cincinnati Gas & Elec	2,022
Commonwealth Energy	1,735
Consumers Power	1,775
Contl Ill Holding (Contl Ill)	177
Contl Illinois right (Contl Ill)	666
DWG	654
El Paso Electric	1,452
Finl Corp America	946
First Am Finl	1,360
First Western Finl	1,340
Ford Motor	1,778
Gibraltar Finl	1,400
Golden West Finl	4,989
Kansas Cty Pwr & Lt	1,591
Long Island Lighting	2,046
Maine Public Svc	1,637
Manufacturers Hanover	1,679
Middle South Utils	1,090
Public Service Indiana	1,043
Public Svc New Hamp	1,975
Toledo Edison	1,826
United Illuminating	2,304
Total value of portfolio	$40,993

Growth Fund

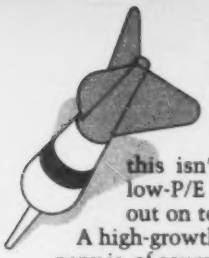
These 25 growth stocks are up 37%. Not bad, but not as good as the Wilshire index, which is up 41%.

Company	Current value of initial $1,000 positions
Academy Insur Group	$ 255
Amfesco Inds	107
Avant-Garde Computing	287
BR Communications	537
CPI	1,284
Comair	2,060
Commodore Intl	199
Dreyfus	4,028
First Executive	2,045
GTS	349
General Homes	942
Helen of Troy	553
Jeffrey Martin	1,076
Key Pharmaceuticals	1,040
Limited	3,881
Liz Claiborne	2,844
Nutri/System	938
Phoenix American	620
Provincetown-Boston Air	152
Quick & Reilly Group	2,356
Southern Hospitality	1,096
Xidex (Dysan)	1,203
Yankee Cos	698
Berg Enterprises	reinvested
Gulfstream Aerospace	reinvested
Total	$28,559
Reinvested distributions	$ 5,710
Total value of portfolio	$34,270

Smart Dart Random Fund

Our computer is an unspectacular dart-thrower. In a hot market this random portfolio gained only 30%.

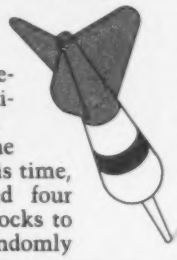
Company	Current value of initial $1,000 positions
Amped	$1,344
ARGOSystems	1,205
Bellwether Explor	338
Big Bear	1,809
Burndy	796
Dreyer's Gr Ice Cream	1,301
AG Edwards	1,606
Forest Labs	2,000
Infodata Systems	650
Intl Banknote	742
Iomega	2,878
Penn Central	1,163
Rainier Bancorp	1,890
Sandwich Chef	1,033
SIS	941
Steiger Tractor	609
Texas Am Bancshares	636
Time	1,438
Toro	1,711
Ultrasystems	506
Victoria Bankshares	850
Winnebago	1,439
American Sterilizer	reinvested
Home Centers of Am	reinvested
Richardson-Vicks	reinvested
Total	$26,893
Reinvested distributions	$ 5,671
Total value of portfolio	$32,564



prevent us from drawing any weighty conclusions about investing styles. But this isn't the first time that low-P/E investing has come out on top.

A high-growth, well-managed company is, of course, worth a higher multiple of its earnings than a deteriorating company. But most investors, it seems, have a knack for overdoing this distinction. They overpay for growth companies and sell off the dogs too cheaply. Investors who play the contrary game—that is, buying low-P/E, unglamorous companies—come out ahead. Sometimes.

Our model portfolios are only 20 months old, but the dart board game is a lot older than that. In 1967 three FORBES executives threw darts at stock market tables, in a tongue-in-cheek test of "random walk" investing. At our final look *(July 30, 1984)*, this list of 28 common stocks beat the Dow by more than 10-to-1, largely on the strength of one extremely lucky pick (Texas Oil & Gas, up 7,000% at that time). After 17 years of mergers and liquidations, the original group had dwindled down to 15 issues and was retired.



The dart board replacement was a microcomputer-selected list of 25 stocks, the Smart Dart Fund. This time, however, we created four other groups of 25 stocks to compete with the randomly selected group. Each of these portfolios was based on an accepted stock-picking principle.

The Pure Play Price/Earnings Fund consisted of 25 issues with the lowest price/earnings ratios. The Pure Play Book Value Fund contained issues selling at steep discounts to book value. The Pure Play Growth Fund consisted of firms with high sales and earnings growth over the preceding four years. The Pure Play Analysts' Choice Fund was 25 stocks whose anticipated 1985 earnings would show the largest gains over 1983's.

Current score: The low-P/E list beat the market handsomely, up 64% vs. 40.6% for the Wilshire 5000 index. The best low-P/E stock was Golden West Financial. This Oakland, Calif.-based bank holding company is up almost 400%.

Now for the losers. In second place was the Growth Fund, which trailed the Wilshire average by a scant 4 points. If the low-P/E theory of investing worked perfectly, the growth stocks—that is, high-P/E stocks—would have come in dead last. But it doesn't work perfectly. As we said, no weighty conclusions. In any event, low-P/E fans can argue that the growth portfolio would have looked pretty dismal were it not for just two companies—that dazzling retailer The Limited and Dreyfus, whose mutual funds are all the rage—and these two may be statistical flukes.

In third place was the Smart Dart Fund, the electronic successor to the original dart board fund. It was 10 points behind the Wilshire index. Three buyouts helped its performance: American Sterilizer, Home Centers of America and Richardson-Vicks. What kept the list down? Ultrasystems, an alternative-energy outfit, has collapsed to half its original value. Bellwether Exploration, Steiger Tractor and Texas American Bancshares also fared poorly.

The Pure Play Book Value Fund pulls up the rear. Sad to say, you can't take a balance sheet at face value. Three companies on this list went bust. Allied Supermarkets, however, a midwestern grocery chain trying to recover from an earlier Chapter 11, is up 162%.

In our initial review *(Mar. 11, 1985)* of the five new portfolios, we valued acquired companies at the takeover price. This time we have assumed that proceeds of cash tender offers were reinvested in the remaining stocks. ■

Analysts' Fund

Analysts expected earnings gains in 1985 for these issues. One year later this group remains in fourth place.

Company	Current value of initial $1,000 positions
Alcan Aluminium Ltd	$1,140
Allen Group	1,548
Allied-Signal (Signal Cos)	1,821
Aluminum Co of Am	1,300
Arrow Electronics	739
Black & Decker	966
Chesapeake	1,218
Chrysler	1,906
Clark Equipment	959
Data General	878
Esterline	710
Federal Paper Board	1,287
Foxboro	855
Georgia-Pacific	1,469
BF Goodrich	1,293
Joy Mfg	1,016
Koppers	1,225
Lotus Development	1,120
Marshall Inds	957
Mead	1,471
Moore McCormack Res	1,063
Paccar	1,133
Singer	1,432
St Regis	reinvested
UTD Energy Res	reinvested
Total	$27,520
Reinvested distributions	$ 3,564
Total value of portfolio	$31,083

Value Fund

These stocks were all cheap in relation to book value. Alas, more than half just got cheaper.

Company	Current value of initial $1,000 positions
Allied Supermarkets	$2,619
Barber-Greene	1,500
Biotech Capital	1,944
Charter Co	1,176
Consumers Power	1,775
Contl Ill Holding (Contl Ill)	177
Contl Illinois right (Contl Ill)	666
Crocker Natl pref (Crocker Natl)	1,620
Crompton	27
Digicon	236
Evans Products	186
General Pub Utils	2,161
Inspiration Res	791
Keystone Consl Inds	764
LTV (Republic Steel)	400
LTV $1.25 cv pref* (Rep Stl)	125
Long Island Lighting	2,046
Manufacturers Hanover	1,679
Manville	924
Marine Midland Banks	2,136
Offshore Logistics	214
Peoples Restaurants	0
Petro-Lewis	264
Public Service Indiana	1,043
Transcontinental Energy	13
Twin City Barge	142
Wheeling-Pittsburgh Steel	352
Total value of portfolio	$24,991

*Series D.

Congress has come up with a new piece of farm legislation. Will it prove again that congressmen make lousy farmers?

WEEVILS OF A DIFFERENT SORT

By Stanley W. Angrist

The cotton market has been sitting around quietly waiting for the other shoe to drop. "The other shoe" being a price called the "announced loan rate." Last year farmers could put their crop into government storage and receive loans at the rate of 57.3 cents per pound. (In years when a commodity under government loan has a market price less than the loan price, farmers may choose to default on their loans, leaving the government with the commodity.)

Under the new bill, the formula loan rate for cotton has been set at 55 cents, but the Secretary of Agriculture has the right to set the announced loan rate as much as 20% below the formula rate—in this case 44 cents. One of the goals of the new farm bill (1,397 pages, 13 pounds) is to lower U.S. commodity prices so that they are more competitive with world commodity prices. Before recommending a trade based on these circumstances, let's look at the fundamentals that have been driving this market.

The world produces too much cotton. That fact is made plain by the supply/demand table on the right. Even though it is estimated that worldwide production will decline from last year's 85.8 million bales to 81.1 million bales, ending stocks will probably rise to 51.1 million bales. That means that cotton on hand will exceed 70% of this year's consumption. That is an awesome figure, dwarfing last year's astounding 57.4%.

In early January the U.S. Department of Agriculture released its fifth cotton production estimate of the 1985-86 season. All cotton was put at 13.4 million bales, a slight decrease from the prior month's forecast of 13.7 million bales. The revision is not the important thing; what is important is that U.S. stocks will be large relative to needs throughout the marketing year.

However, it is interesting to note that prices have not reached the low set in September when the March contract sold for under 59 cents per pound. The movement of cotton into government loan programs, accompanied by better U.S. mill demand, has helped keep prices above those lows. These two factors have helped to support old crop cotton, despite the more than adequate supplies. New crop supplies (contract months from October on) have been much weaker, as well they should be in the face of the prospect of much lower loan rates.

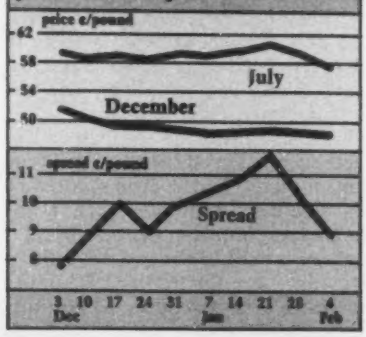
The spread between July (old crop) and December (new crop) has widened several hundred points since the fall, but I think that it can go further still. It will be driven by the buildup in stocks and the changes coming in the government loan rate. Therefore, I would try to buy July/sell December cotton, with July at no more than a 10-cent premium to December. I think this spread could easily widen 4 cents ($2,000 per spread) in the next couple of months. The margin on this trade is $600, while the round-turn commission is about $50 at a discount broker.

You should be aware that because this spread involves an old crop month and a new crop month, it can be volatile. So if you put this spread on, you must watch it closely. ■

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

Cotton capers

The premium that July cotton (old crop) carries to December (new crop) has been unusually volatile. Reason: a growing realization that the new farm bill empowers the Secretary of Agriculture to reduce sharply the loan price for new crop cotton.



Shelley Dell

Lots of supply, too little demand

The world has been producing too much cotton relative to demand. Part of the problem is that it is produced in a number of developing countries that will try to increase their crops, regardless of the price they get.

Crop year	Crop	Usage	Ending stocks	Stocks as a % of usage
1977-78	63.9	59.7	26.3	44.1%
1978-79	59.6	62.0	24.2	39.0
1979-80	65.2	65.3	23.9	36.6
1980-81	64.8	65.9	24.1	36.6
1981-82	70.8	65.5	28.7	43.8
1982-83	67.5	67.6	29.0	42.9
1983-84	67.4	69.2	27.2	39.3
1984-85	85.8	69.8	40.1	57.4
1985-86 est	81.4	72.1	51.3	71.2

All numbers are in millions of bales (478 pounds net weight).

$80.6
C 39.8-1

NEW JOBS—
HOW MANY? HOW SOON?

Forbes

MARCH 24, 1986 THREE DOLLARS FIFTY CENTS

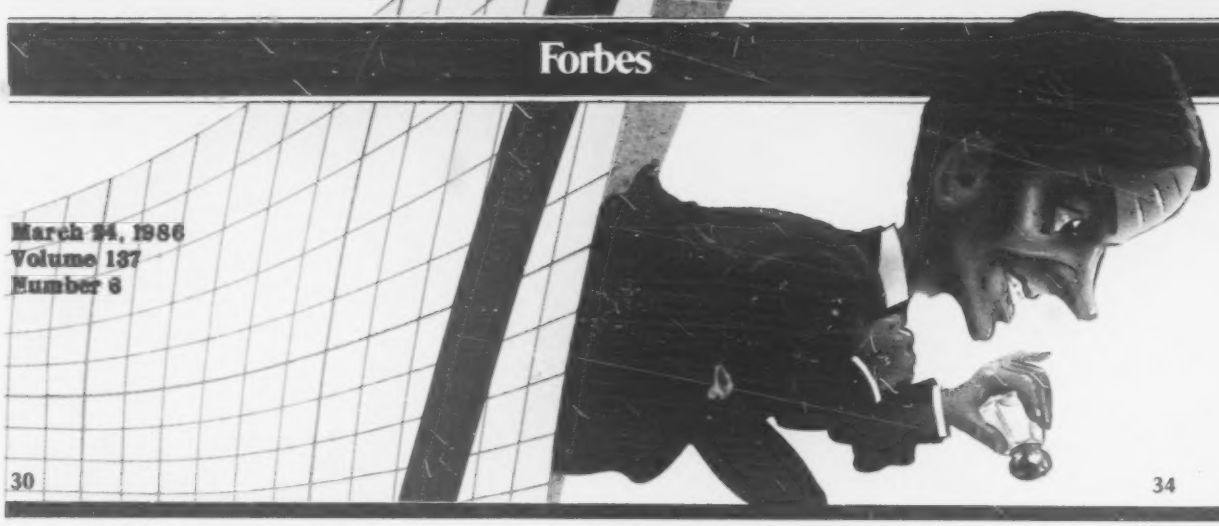
FUND MANIA

THE GAME IS GETTING OUT OF HAND

20814 MD
BET ESDA
4520 EASTWEST HWY
CONGRESSIONAL INFO SER
STATISTIC REF INDEX
T2910378 S2 ZZ 0038
******** CAR-RT SORT ** CR02
0 74820 08317 8

Forbes

March 24, 1986
Volume 137
Number 6



30

34

The editorial index of companies referred to in this issue is on pages 224 and 225.

Companies

34 Texas Air Corp.
Frank Lorenzo on leverage, liquidity and timing.

42 Home Box Office
In which HBO meets some surprising pirates.

46 Lone Star Steel Corp.
Can this one be turned around?

50 Cowen & Co.
A Wall Street brokerage with far more capital than it needs.

84 The Up & Comers
Hair salon chain CutCo's Richard Stanley needs to practice what he preaches. Also: How Small World Greetings beats the Taiwanese.

98 Dart Drug Stores Inc.
Milking capital through the wonders of leverage.

106 Sperry Corp.
Is Sperry shopping for technology? Or for a spouse?

138 Banc One Corp.
The doomsayers were wrong.

171 Magic Chef Corp.
How long can Skeet Rymer keep raiders at bay?

Industries

30 Cover Story: Mutual Funds And Wretched Excess
"Unless trees grow to the sky," worries one fund group chairman, "we are going to end up with investors who are furious."

82 Real Estate
Condo prices down, sales up on Wilshire Boulevard.

131 Broadcasting
Radio may be a classic bubble in the making.

142 Data Processing
Smaller banks and S&Ls move data-crunching outside.

Labor

56 "The Great American Job Machine"
Over 8 million people out of work could strain the fabric of our open society.

68 MIT's Lester Thurow On Income Inequality
Some problems with his definitions.

126 Featherbedding, Adieu
Labor trouble, and opportunities, ahead for the railroads.

Regions

74 We Got Mantras Right Here In River City
Welcome to Fairfield, Iowa, with more mantra-meditating millionaires per acre than anywhere else on earth.

International

90 Konishiroku Photo Industry
A Japanese Eastman Kodak.

Departments

6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
227 Flashbacks
228 Thoughts

Money & Investments

25 What's Ahead For Business
26 The Forbes Index
203 The Forbes/Wilshire 5000 Review

Columnists

209 Ben Weberman
210 Susan Lee
212 Ann C. Brown
214 Kenneth L. Fisher
216 Srully Blotnick
218 Ashby Bladen
220 Stanley W. Angrist

74

117

144 Japanese Car Prices And Profits
"We must be ready for the storm," says the president of American Honda Motor Co. of the strong yen.

Government

102 Public Landlords, Private Developers
Some public landowners are embracing a new friend.

137 Is It Okay To Whisper "Fire"?
The Fed tiptoes into the bad loan problem.

Investing

40 Blind Pools
Blind pools take your money, don't tell you how it will be invested . . . and they are growing.

94 The Money Men: Charles Allmon
If he's going public, where's the market going?

122 Mortgage-backed Securities
The buggy-whip world of trading Ginnie Maes.

206 The Funds: The Trend Is My Friend
It is hard to argue with James Stowers' success.

207 Statistical Spotlight
A list of S&Ls still selling below the market's multiple.

222 Streetwalker
Mobil Corp.; Arkla, Inc.; Rothmans International; Litton Industries; Hollywood Park Cos.; A.H. Belo Corp.

Numbers Game

112 No Easy Answers
What to do about the auditor's opinion.

On The Docket

117 Here Come The Superfund Suits
The banks brace for a new headache.

Taxing Matters

120 Light On The Horizon
Some help from the courts, and from Congress, on liability insurance.

Marketing

172 Franchise Lost
Corning's cookware had it all, and lost most of it. Also: "Enriched" soft drinks; Gore-Tex.

Technology

176 Commercial Research On NASA's Shuttle
NASA can't count on industry's support. Also: U.S. drugmakers aid Japanese competitors.

Personal Affairs

184 How To Tan Your Skin And Manage Your Stress
A new tax-deductible vacation? Also: Compact disks.

Careers

190 Making It Through The Group Interview
What if there is more than one behind those mahogany doors?

Faces Behind the Figures

194 I. Martin Pompadur, *MI. Media Partners*
194 Robert Townsend, *author*
194 Mort Meyerson, *Arthur Young & Co.*
195 Lee Huebner, International Herald Tribune
195 Leo O'Neill, *Standard & Poor's*
198 George A. Ferris, *Wheeling-Pittsburgh Steel Corp.*
198 Jerome K. Green, *Tenneco, Inc.*
200 Rebecca Paul, *Illinois state lottery*
200 P. William Parish, *National Energy Associates*

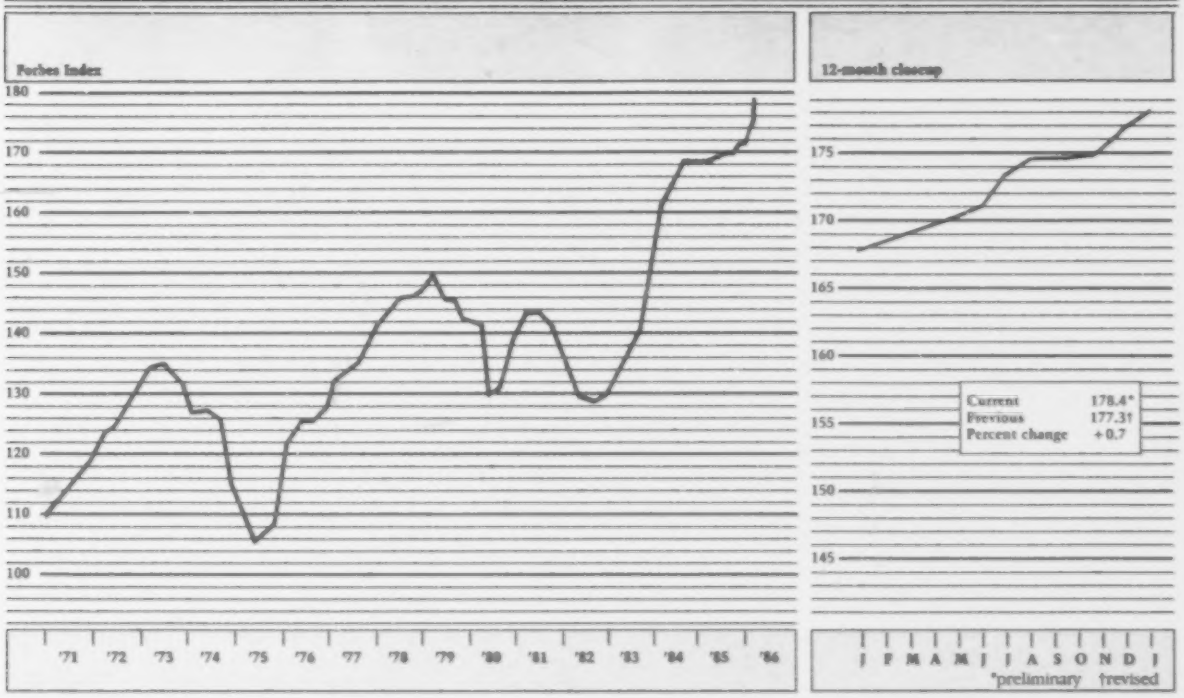
March 24, 1986 Volume 137 Number 6 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover chart by Andrew Christie; top inset, Douglas Fraser

The Forbes Index



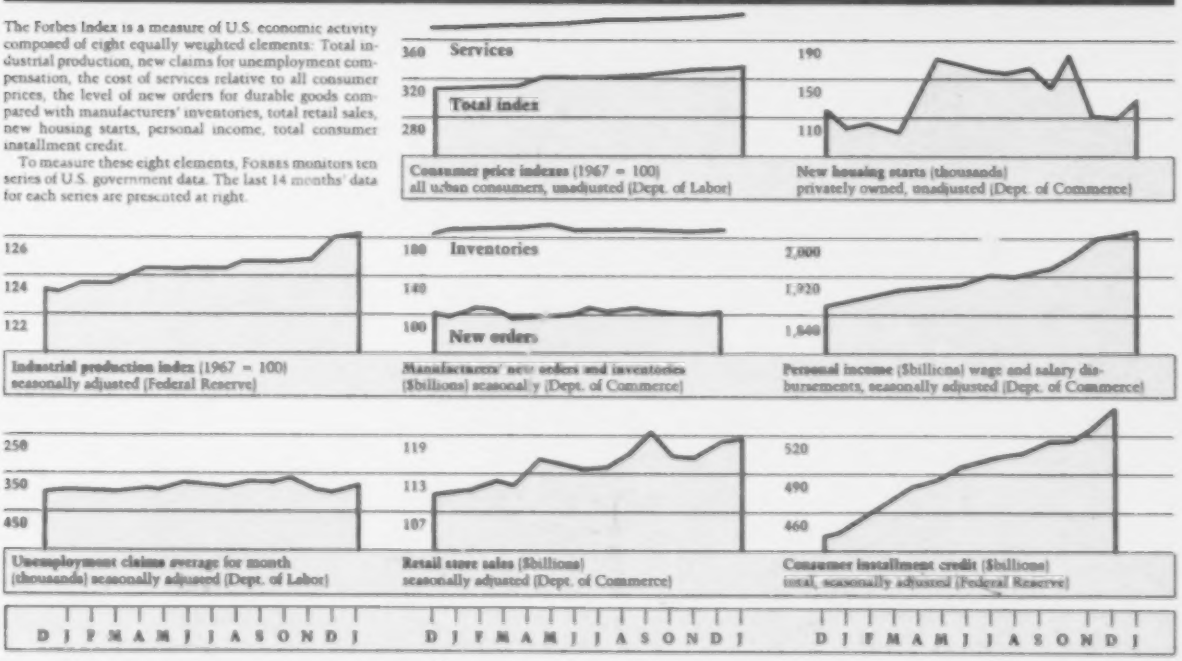
Love those low rates. The Forbes Index rose 0.7% during the latest reporting period, the largest month-to-month increase since last August, bringing it to a new alltime high. One big factor: Housing starts, responding to declining mortgage rates, jumped 3.8% over the previous month and stand some 13% higher than they were at the same time last year. Two other components in the Index also helped to give it a lift. Industrial production increased 0.3%, while personal income, after adjusting for inflation, went up 0.9%.

Inflation was 0.3%, or 4.1% at an annual rate. But declining energy costs, yet to have a significant impact on retail prices, should serve to moderate any increases in other elements of the CPI over the next few months.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Forbes

Mutual funds are sensible in theory and often effective in practice. But too much success—just look at those startling sales numbers—is leading to wretched excess and. . .

The game is getting out of hand

By Allan Sloan
and Laura R. Walbert

"The mutual fund industry today is being driven by people who have no sense of history."—Michael Lipper, president, Lipper Analytical Services

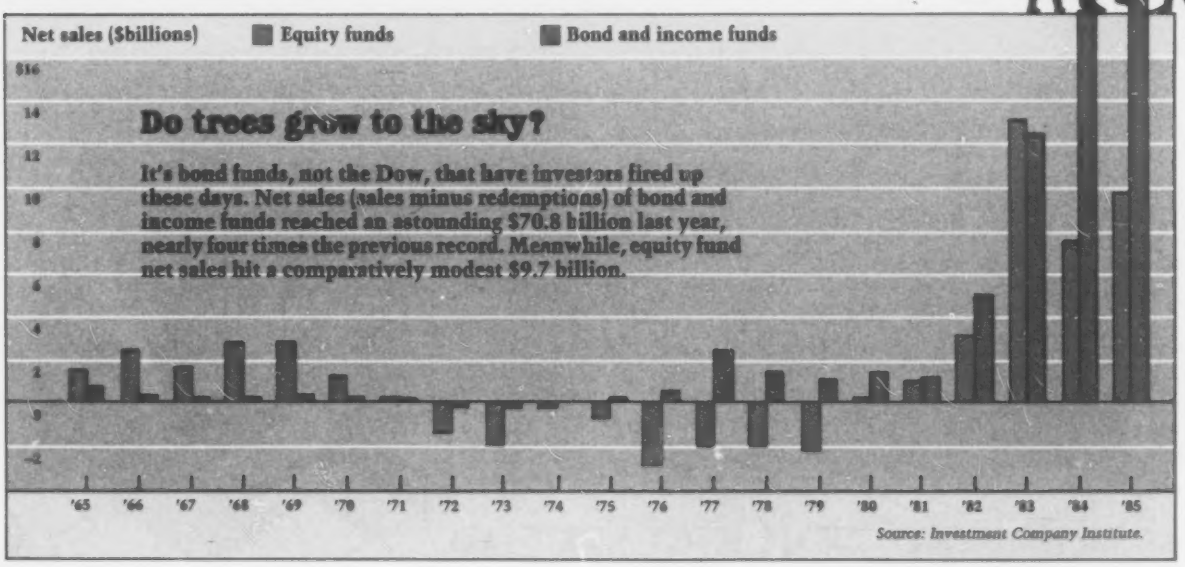
"Unless trees grow to the sky, we are going to end up with investors who are furious."—John Bogle, chairman, Vanguard Group of mutual funds

WHEN THE STOCK MARKET and the bond market are incredibly strong, when investors are gobbling up mutual fund shares at the astounding rate of nearly half a billion dollars per business day, it seems almost un-American to ask two simple questions: What the hell is going on? And can it possibly last?

We aren't asking these things to be reflex contrarians, looking for clouds because others discern only silver linings. We ask because there are increasingly clear signs that the mutual fund business is once again entering a period of wretched excess—signs that fund veterans like Mike Lipper and John Bogle see clearly, and are candid enough to acknowledge, but that the great majority of investors discern only dimly, if at all.

These signs include:

- the mad stampede by investors into bond mutual funds;
- the misleading advertising and promotion practices of some funds;
- the imposition



of hidden fees, so-called 12b-1s, on investors in 570 funds;

- the proliferation of bond and equity funds, from 460 five years ago to 1,070 now;
- the absurd increases in share prices of publicly traded mutual fund management companies;
- the rush by some fund managers to unload shares in their companies on the public.

Readers old enough to recall that the Miracle Mets won the World Series in 1969 ought to have the feeling that all this bustle in the fund business is familiar stuff. If nothing else, they should remember how the now legendary Jerry Tsai *(see box below)* brought out the Manhattan Fund just as investor appetite for "growth stocks" was peaking, then sold his fund management company for $27 million shortly before growth stocks crashed. Tsai made out nicely, but hardly anyone who bought anything from him at the time did. Tsai is now vice chairman of American Can Co., which plans to sell 15% of its fund management company to the public for more than $70 million. If Tsai thinks this is the time to sell, do you think this is the time to buy?

The theory of mutual fund investment remains sound—hundreds of small investors pool their money and a professional manages it. Indeed, as full-service brokerage houses increase commissions in their struggle to stay profitable, more investors will be priced out of buying stocks and bonds and thus will be driven to mutual funds. But even the fund business is not immune to financial manias that recur every generation or so.

Consider 1968-69, when "growth stock" fever became pandemic. Investors poured the then huge sum of $5.6 billion into equity funds, amid euphoric predictions that the fund industry would thrive forever. The bloodbath that ensued when growth stocks collapsed caused such revulsion that equity funds stayed in the doghouse until 1982, when the bull market in stocks started.

This time it's bonds that are running wild. Investors bought an amazing $71 billion (net of redemptions) of bond fund shares last year, and sales this year are running well ahead of last year.

Fund boosters argue—what else?—that this time is different, that the Sixties boom was unsustainable, but that investing in U.S. government bond funds is rock solid. Baloney. The "safe high yields" of 1986 are every bit as evanescent as the "one-decision" growth stocks of 1968, and they will come to the same bad end. Unless the fund industry puts a stop to such hype, the fallout from the inevitable disillusion will damage mutual funds' reputations as the growth stock collapse did.

Bond funds are drawing buckets of money because investors grown accustomed to double-digit yields are feeling deprived as yields on short-term investment drop into the 7% area. This makes bond funds an easy sell. Who can turn down a "safe" 10% when the local bank is offering a crummy 7.5% on a CD? Many of the bond fund prospectuses now in circulation feature a reassuring symbol—a U.S. flag, the Capitol dome. High yield without high risk.

But unless the laws of economics have been repealed, can there be high yield without high risk? To be sure, investors in U.S. government bond funds run no risk of default: Uncle

Jerry-built

Gerald Tsai has a gift for anticipating financial manias. Tsai, vice chairman of American Can Co., had the company buy American General Corp.'s mutual fund management company for $38 million in September 1983, before the fund business boomed. Good timing. American Can has taken out $55 million in dividends so far, plans to sell 15% of the management company to the public for more than $70 million and will still own American Capital Management & Research stock with a market value of more than $400 million. Half a billion dollars' profit by shuffling paper. A lot easier than making cans.

American Can's Jerry Tsai Ken Korsh
Nice timing, and a half-billion profit.

The fund company's profit rose from $11 million (45 cents a share) in 1984 to $26.6 million ($1.10) last year largely because of commissions and fees from its American Capital Government Securities fund, which grew from $770 million in assets at year-end 1984 to $4.76 billion at year-end 1985. Given the tenuous nature of the bond fund boom *(see story)*—and the particularly tenuous nature of American's fund, which largely sacrifices the possibility of capital gains by selling options that add a mite to current income—can fund company profits double every year?

At a proposed $20 to $23 a share and a P/E of 18 to 20, this offering is no more exotically priced than the offering made by John Templeton, who unloaded 25% of his Templeton International on the public for 20 times earnings. Templeton sold his shares on the London Stock Exchange, where there are no Securities & Exchange Commission regulations. Would Templeton buy a stock as richly priced as Templeton International for his funds? He begs off, saying securities rules won't let him answer us.

Dreyfus Corp. has chosen the present moment to raise $200 million by selling new stock at the current 22 times earnings. And T. Rowe Price Associates, another prominent manager, plans to go public at between 18 and 21 times earnings. Most of the money will go to former employees who sold their stock to the company in previous years; the rest to insiders who are selling now.

The conventional wisdom has been that mutual fund companies' stock is a better investment than mutual fund shares are. But at these prices—and with this much insider selling—you have to wonder whether that's still true.—**A.S. and L.R.W.**

The big guns

Each of the 13 bond funds in the table grew by more than $1 billion last year. Together, they accounted for half the $71 billion in net sales achieved by the 500 bond and income funds. Investors love the high current yields these funds claim. But notice what liberties the funds take with yield calculations. Many boost yield by adding short-term capital gains, often earned by writing options, to interest income. Some quote yield based on

Fund	Total assets 12/31/84 (millions)	Total assets 12/31/85 (millions)	1985 distributions per share: income dividends	1985 distributions per share: capital gains	1985 distributions per share: total	Offering* price 12/31/84
Van Kampen Merritt US Govt Fund	$100	$1,810	$1.71	$0.24	$1.95	$15.82
PaineWebber Fixed Income-GNMA	101	1,840	1.26	—	1.26	10.21
Franklin Custodian-US Govt	2,627	8,908	0.90	—	0.90	7.40
Colonial Govt Securities Plus Trust	724	2,005	1.12	0.41	1.53	12.64
Merrill Lynch Federal Securities Trust	1,639	4,821	1.05	0.35	1.40	10.28
Hutton Investment-Govt Securities	777	3,050	0.97	0.24	1.21	10.01
Criterion Bond-US Govt High Yield	0	1,126	0.94	0.47	1.41	10.72
American Capital Govt Securities	770	4,757	1.20	0.53	1.73	12.76
Shearson Managed Governments	412	1,470	1.46	0.04	1.50	13.40
Dean Witter US Govt Secs Trust	957	7,448	1.24	0.07	1.31	10.47
Investment Portfolio-Govt Plus (Kemper)	19	1,840	0.83	0.08	0.91	8.52
Prudential-Bache Government Plus[1]	—	3,918	0.60	0.15	0.75	10.00
Putnam High Income Govt Trust[2]	—	1,499	0.90	0.20	1.10	12.39
Shearson Lehman Long Government Index						
Lipper average of all fixed income funds						

*Assumes $5,000 investment. †Does not include sales charge. [1]Fund first offered 3/21/85; capital gains for 6 months only. [2]Fund first offered 3/1/85.

Sam can print dollars to redeem his own paper. But buying long-term bonds subjects the holder to market risk—the risk that rising interest rates will drive down the market value of bonds and thus the value of bond fund shares. If interest rates on long-term Treasurys rise to 9.5% from the 8.5% level of early March, long Treasurys will lose about 7% of market value. If interest rates rise to 10%, the loss will be about 10%.

Do the investors now stampeding into bond funds understand market risk? As best we can tell, hundreds of thousands of them don't. They think they are buying shares of high-yielding money market funds with virtually no risk of losing principal. One day—no, we don't know when—they will get a nasty surprise.

"People think the U.S. government is standing by to bail them out," says Kurt Brouwer of Managed Assets Plan, a Birr, Wilson & Co. subsidiary that analyzes mutual funds for clients. "What they don't understand is that Uncle Sam stands behind the securities in the funds, not behind the fund shares. If rates rise and the net asset values of the fund shares fall, Uncle Sam isn't going to do a thing to help them."

The table above provides an idea of how popular some government bond funds have become. The 13 funds in the table are the fastest growing, in terms of dollars, of the taxable fixed income funds open to the public. The 13 had $44.5 billion in assets at year-end, compared with $8.1 billion at year-end 1984. Among them, then, these funds accounted for about half the $71 billion of new money bond and income funds drew last year.

All 13 fastest-growing funds charge a sales load, a commission, ranging from 4% to 6.75%, even though investors can buy plenty of no-load funds whose performance is as good as these funds', or better. This won't surprise cynics, who know that investments are sold, not bought. But it should make an investor think before he parts with his money. Load funds pay commissions to the broker or financial planner who sells them. No-load funds, generally bought directly from fund management companies, carry no commissions.

In addition to the hefty one-time loads, fund managers charge investors annual fees and expenses that typically run about 1% of investors' money and can be as high as 2%.

The largest of these funds, Franklin Custodian-U.S. Government, charges its shareholders up to 4% to reinvest dividends in new shares. Few other load funds do that. With more than $10 billion in its care, Franklin's reinvestment fee transfers at least $13 million a year from investors' pockets to Franklin's, by our estimates. Some other funds nip you for 12b-1 fees—the name derives from the SEC regulation that permitted them—which amounts to the same thing under a different name. Loads, management fees, expenses, 12b-1s to cover "distribution costs"—have investors factored those into their calculations?*

With long-term government securities yielding 8.5%, and even GNMAs yielding 11% or less, taking 1% to 1.5% a year for expenses and fees cuts returns significantly. "There's a point

payouts made in the past 12-month period, when interest rates were much higher than now. And the yields quoted by some funds are based on their fixed regular payouts to investors, not on what the funds' underlying securities are actually earning. What's more, only 3 funds beat the 19.8% average total return for fixed income funds last year. And the returns don't take into account the hefty loads each fund charges.

Net asset value 12/31/84	Maximum sales charge	Total return† 12/31/84 to 12/31/85	Funds' claimed current yield	Funds' yield calculation	Fund
$15.07	4.75%	22.4%	10.5%	7-day avg dividend + gain, annualized / 7-day avg offering price	Van Kampen Merritt US Govt Fund
9.74	4.25	20.3	11.5	trailing 12 mos dividend / current offering price	PaineWebber Fixed Income-GNMA
7.10	4.00	20.0	11.4	trailing 12 mos dividend / current offering price	Franklin Custodian-US Govt
11.79	6.75	19.7	11.3	trailing 12 mos dividend + gain / offering price at end of period	Colonial Govt Securities Plus Trust
9.64	6.25	19.5	11.4	latest quarter dividend + gain, annualized / avg offering price in the period	Merrill Lynch Federal Securities Trust
10.01	5.00b	18.7	10.7	anticipated annual dividend + gain / current offering price	Hutton Investment-Govt Securities
10.00	6.75	18.1	11.8	current monthly dividend + gain, annualized / current offering price	Criterion Bond-US Govt High Yield
11.90	6.75	17.3	12.1	latest quarter dividend + gain, annualized / max offering price in the period	American Capital Govt Securities
12.77	5.00	17.1	10.1	7-day dividend + gain, annualized / current offering price	Shearson Managed Governments
10.47	5.00b	14.0	11.1	30-day dividend, annualized / 30-day avg offering price	Dean Witter US Govt Secs Trust
8.52	6.00b	10.6	10.7	latest quarter dividend + gain, annualized / current offering price	Investment Portfolio-Govt Plus (Kemper)
10.00	5.00b	NA	10.6	latest quarter dividend + gain, annualized / current offering price	Prudential-Bache Government Plus[1]
11.57	6.75	NA	12.8	latest quarter dividend + gain, annualized / current offering price	Putnam High Income Govt Trust[2]
		31.5			Shearson Lehman Long Government Index
		19.8			Lipper average of fixed income funds

b: back-end loads. NA: Not applicable. *Sources: Lipper Analytical Services; Shearson Lehman Brothers; fund documents; interviews with funds.*

at which the bond fund thing becomes an outrage, and we're getting really near that point," says John Bogle of Vanguard, whose firm sells no-load funds. "The typical fund is charging the investor about 1.5% [excluding loads] a year," he says. "Why would anyone in his right mind pay 1.5% a year to buy something yielding 8.5%? Anyone who does that doesn't have the facts."

Investors keep pouring billions into these funds because they think returns are higher than they really are. When we telephoned the funds to ask about current yield, we got figures ranging from 10.1% to 12.8%. If a fund owns Treasurys yielding 8.5% or GNMAs yielding 11% and then takes out fees and expenses, how can all the funds yield more than 10%? Easy. They change the definition of yield.

To us—and, we suspect, to the average person—yield means the fund's current interest income after expenses, divided by net asset value per share. For a load fund, we would divide interest by the offering price, which includes the sales commission investors pay.

But only one fund in our table—Dean Witter—sees things that way. For the other 12, definitions vary all over the place. Some take interest for a seven-day period and capital gains for the quarter, and project them for a year. Colonial takes the last 12 months of interest (higher then than now) and adds its capital gains for good measure. Hutton uses anticipated dividends and gains.

No one knows if a fund will have capital gains in a given year; calling such one-time income "yield" is absurd. Combining interest income and capital gains and calling it "total return" is fine. Calling it "yield" is clearly misleading.

Complicating matters are the GNMA funds, some of whose securities are, in fact, now yielding 11% or so. But investors are paying more than 100% of face value for them. As monthly payments on the Ginnies' underlying mortgages come in, and as mortgage loans are paid off early, which happens in a time of declining rates, the holders are whacked with a capital loss—which, you can be sure, is rarely reflected in the quoted yield.

The Investment Company Institute, the mutual funds' trade association, is drawing up a standard definition of yield that it hopes bond funds will adhere to someday. What of the Securities & Exchange Commission, meanwhile, which is supposed to protect investors from deceptive razzle-dazzle? The SEC's Lawrence Friend defines yield the same way we do. What's the commission doing, then? Making a little noise, waiting for the Investment Company Institute. Meanwhile, the money pours in, chasing hyped "yields."

Some fund managers—their funds often have the word "plus" in them—claim that they aren't selling plain old bond funds and charging high loads and fat fees. They claim to be enhancing income by selling options and de-

*Some funds that are now being promoted by brokers as being "no-load" are not quite that. They are no-load going in but have a back-end load as high as 6% if you redeem shares within a year, and they usually carry annual 12b-1 fees of as much as 1.25% of assets. Caveat investor.

creasing risk by hedging. They are plain enough about it—it's in their prospectuses.

Their favorite maneuver is writing—that is, selling—covered calls, which give the buyer the right to buy a security from the fund at a fixed price for a fixed period. Proceeds from selling calls enhance current income, obviously, but only at a price—reducing potential capital gains, because bonds that rise in price get called away. Among the foremost practitioners: American Capital Government Securities, Jerry Tsai's fund. In the Eighties, as in all history, there's no such thing as a free lunch.

"The most dangerous words in money management," quips Stanley Egener, president of Neuberger & Berman Management, "are, 'This time, it's different.'" The funds' performance shows that, "enhancement" notwithstanding, things aren't really different.

The 232 taxable fixed income funds tracked by Lipper Analytical Services averaged a 19.8% total return (interest earned plus capital gains) last year, while the 13 biggest funds, the ones in our table, averaged less than that. And those returns don't allow for the cost of sales charges. Even more telling, long-term government bonds showed a total return of 31.5% last year, according to the Shearson Lehman Long Government Index. The question investors must ask is: If fund managers' services are worth 1% to 1.5% a year, plus big loads, shouldn't their results at least match the return that bonds themselves earned?

Certainly, a 19.8% return is nothing to sneeze at. Even if investors were misled, they made out well. But can the fund managers do 19.8% again? Sure, if interest rates on long-term Treasury securities drop to 6.5% from 8.5% this year and then to 4% next year.

Some funds have been paying fixed periodic dividends, much like bank CDs, using both capital gains and interest income to fund the payouts. But declining rates have led one fund, Franklin Custodian, to say it expects to cut its payout to 7.1 cents a month per share from 7.5 cents. Van Kampen recently cut payouts to 15 cents a month from 16.25 cents. Others will doubtless follow.

Given recent declines in interest rates, the real-world yield on some bond funds could soon fall into the 7% to 8% range—8.5% to 9% for the underlying securities, less 1% to 1.5% for costs. That's about the same range as money market funds, even though the securities that money funds buy carry rates well below bond rates. It's a matter of competition. Virtually all money market funds are no-load, and don't dare pile on too many fees because reported returns would drop and investors, who can find money market fund yields printed in their local newspapers, would switch to another fund.

If money fund yields and bond fund yields do converge, why should income-oriented investors leave their cash in bond funds, where they will be running much higher risks with their capital while earning the same return money fund investors do?

If interest rates spike upward, thousands of investors who think they have high yield without high risk will painfully discover that their principal is shrinking—that what they really got was high risk without high yield. Their screams will fill the heavens. In such an event, can congressmen—and tight regulation—be far behind?

Will the sky fall tomorrow? Of course not. But unless the fund industry cleans up its act or investors suddenly get a lot smarter, the sky will come crashing down on everybody one of these days. Remember, you read it here first. ■

Frank Lorenzo hunts from a blind and talks of leverage, liquidity and profits. But most of all, he talks about . . .

Timing

By John Merwin

IT WAS THE VERY Saturday morning, Feb. 22, when, according to much of the nation's press, Texas Air Chairman Frank Lorenzo was madly negotiating to buy Eastern Air Lines. In fact, Lorenzo was sitting in a Houston hotel coffee shop, picking at a breakfast of fruit and hot cereal and musing with FORBES about his business. Dressed casually in a blue blazer, plaid shirt and tan rubber-soled shoes, Lorenzo was chatting not just about Eastern but, more generally, about big-game hunting in the airline industry.

His immediate quarry, of course, was Eastern. If the Eastern deal is completed, in less than a decade Frank Lorenzo will have vaulted from chief executive of a pip-squeak, presumptuously named airline, Texas International Airlines, to leader of the largest airline holding company in the noncommunist world, a network including Eastern, Continental Airlines and New York Air.

Why Eastern? Why now? Why not six months ago, or six months from now? Why not TWA or People Express? In the airline industry Lorenzo's ability to raise airlines (Texas International and Continental) from the near dead is legendary. But so is his reputation as a union basher and thrasher of labor. So why Eastern, the sickest on the industry's sicklist of airlines? After all, under the weak and indecisive management of Chairman Frank Borman, Eastern let employee relations deteriorate to the breaking point, even as labor costs hovered higher than those of any major carrier. Meanwhile, the company rushed ahead with capital investments that burdened the airline with some $1.5 billion in new debt.

"Timing," answers Lorenzo. It's all timing—like waiting in a duck blind for the ducks to drift over. In Eastern's case the inducement was not the routes, nor even the planes. Lorenzo had Eastern in his sights because of its union woes. Now two of the line's three union contracts were up, and Lorenzo had squeezed the trigger.

It was the same last fall for Frontier Airlines, and before then, TWA. At TWA, labor contracts were expiring,

How can bank regulators deal with bad Latin American loans without starting a run? One way is to talk about letter-of-credit guarantees instead.

Slow-burn panic

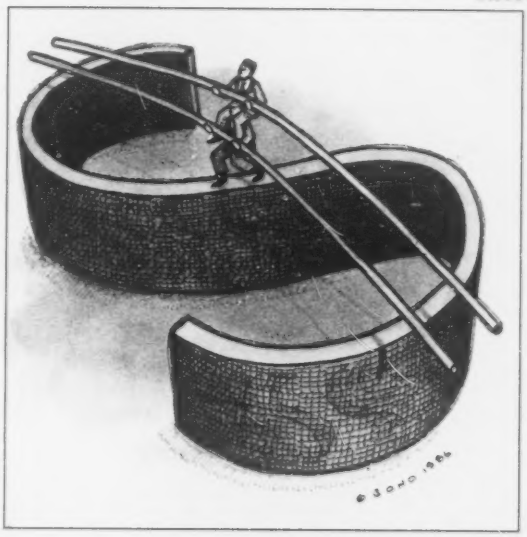
By Mark Clifford

SHOUTING "FIRE!" IN A crowded theater is unwise, even if the curtain is smoldering. Better to whisper and hope to empty the room slowly.

How else explain the Federal Reserve's attack on off-balance-sheet credit guarantees? The Fed wants banks that do a lot of these letters of credit to build up their capital cushion. But the fire isn't only there. It's in the billions of dollars in Latin American loans that will be paid off late or never. Yet the Fed can't afford to create a Latin-loan panic.

So far, the government's official hear-no-evil, see-no-evil treatment of Latin loans means that banks carry these loans at close to face value. That position is getting untenable, with Peru, Mexico and now Brazil vowing to limit repayment of debt. In this context, the rules requiring more capital to back domestic credit guarantees should be understood as a cautious play for stronger balance sheets.

"The Fed is worried about a few key institutions, so they're forcing the entire industry to raise capital," says a money center bank executive who deals with regulators on capital adequacy and loss reserves. "Regulators were criticized after Continental's near-failure, so they're attempting to prevent similar episodes, but they don't want to alarm the man in the street by talking about the banks' problems." So why not simply force banks to write off, say, 15% of Latin American loans, much as regulators in Canada and West Germany have done? "A 15% charge would be a crippling blow for some banks," says the banker.



The Fed's proposal is sensible enough and long overdue. It would penalize banks for having a heavy involvement in so-called off-balance-sheet items—financial guarantees like standby letters of credit and contingent loan commitments. In a typical arrangement, the Delaware Medical Center raises money by selling bonds to investors, and Bankers Trust, in effect, cosigns the IOU. If the hospital gets into

Vicarious capital

The Fed seems to think it tactless to demand more capital from banks with heavy Latin loans. But it may demand more capital from banks with heavy off-balance-sheet loans—as it happens, often the same banks.

Bank	Total assets[1] (billions)	Return on equity	Primary capital to assets current rules	Primary capital to assets proposed rules	Capital needed to raise adjusted ratio to 6.5% (millions)	Latin American loans as % of primary capital[1]
Citicorp[2]	$173.6	14.3%	6.23%	6.05%	$815	97%
BankAmerica	118.5	–6.8	6.11	5.81	867	94
Chase Manhattan	87.7	13.3	6.87	6.30	195	110
Manufacturers Hanover	76.5	11.9	6.31	5.62	768	149
JP Morgan	69.4	17.4	7.96	8.22	—	69
Chemical	57.0	14.6	7.02	6.32	113	92
Security Pacific	53.5	15.3	6.39	6.48	11	30
Bankers Trust	50.6	16.1	6.35	6.16	178	46
First Interstate[3]	49.0	13.1	6.20	6.67	—	49
First Chicago	38.9	8.4	7.24	6.81	—	62

All information as of 12/31/85 except Latin American loans (12/31/84). [1]Includes Argentina, Brazil, Chile, Mexico and Venezuela. [2]Citicorp's disclosure of foreign loans is far more complete than other banks; therefore, figure is not fully comparable. [3]Includes six largest banks in system.

Sources: IBCA, Inc.; Goldman, Sachs.

trouble, the bank has to make good the loss. Bankers Trust collects a fee for cosigning.

Right now, such a guarantee isn't considered a loan by the bank, and the bank doesn't have to have capital standing behind it. (The "primary capital" cushion consists mainly of shareholders' equity plus loss reserves.) Meanwhile, riskless investments like Treasury bills are counted in the asset total against which a minimum 5.5% primary capital must be maintained. Under the proposed Fed rules, T bills would no longer be counted as assets in determining the minimum acceptable capital. Letters of credit would be counted.

Not every bank would be penalized by the new rules. J.P. Morgan already boasts one of the highest primary capital ratios (7.96%), considerably above the minimum. If the Fed proposal takes effect, Morgan would have even more excess capital.

At the other end of the scale are banks, now on the edge of the capital minimum, that would be in worse shape. An analysis by Fred DeBussey at IBCA, Inc., the U.S. arm of the London-based bank rating firm, points to several as particularly vulnerable—BankAmerica, Chase Manhattan, Chemical and Manufacturers Hanover—that would therefore see their capital ratios decline significantly under the proposal. All four have big loans to Latin America.

There are two ways for an undercapitalized bank to shape up. One is to cut back off-balance-sheet activity, which would cost it lucrative fees, ⅛% to 1½% of the amount guaranteed. The other is to sell more stock. That alternative is unpalatable because it tends to pull down the bank's return on equity. If a bank sells $100 of stock and lends it out at 10%—5% aftertax—its return on that additional equity is a pathetic 5%. The only way for a bank to earn its target of 15% or so is to leverage a little bit of equity into a lot of borrowing and lending.

Financial guarantees are big business to some banks. The industry's standby letters of credit more than quadrupled between 1980 and 1985. At the end of September ten large banks together had more than $334 billion in these shadowy obligations. Moody's Investors Service, specifically citing heavy off-balance-sheet commitments and few prospects for growing out of the problem, recently downgraded its ranking of Manufacturers Hanover debt. It was the first such move by Moody's, but it seems all but certain that it will be getting around to other banks.

As the table shows, the worst a large bank can expect from the proposal is a demand for another shot of equity equal to 0.79% of assets.

But this could merely be a downpayment. If the Fed stepped up the minimum capital from 5.5% to 6.5%, Citicorp and BankAmerica would need more than $800 million in new money. And some regulators have been saying that the minimum should eventually be ratcheted up to 9%. Even though they aren't confronting Latin American debt head-on, the Feds are evidently worried. ■

Two years ago many figured Columbus-based Banc One was in real trouble. Not quite. Thanks to carefully focused marketing, Banc One today is a Midwest powerhouse on an aggressive shopping spree.

Some lessons for the big boys

By Barry Stavro

HERE'S BASIC MATH according to John B. McCoy, chief executive of Banc One Corp.: "If I go into a transaction with $1 and I end up with 95 cents, well, why in the hell would I ever want to do that?" It's a lesson in how acquisitions can dilute earnings, particularly timely now that interstate banking has hit the Midwest, and the race is on to buy banks in new territory.

Certainly McCoy has the buying power. Banc One, with $10.8 billion in assets, has common stock outstanding worth some $1.8 billion, the highest market capitalization of any Midwest bank, including such leaders as First Chicago, which has nearly four times Banc One's assets. Banc One's stock trades at 28, more than double its $12.13 per-share book value. The difference is its sterling performance record. Since last fall McCoy has moved fast, striking deals worth $190 million (in stock) to buy ten banks in Kentucky, Michigan and Indiana with combined assets of $1.8 billion. These are pip-squeak banks. McCoy could cover more ground buying bigger ones, but takeover fever has afflicted the larger banks, resulting in higher multiples. McCoy won't make a deal if it dilutes earnings. Why? "I own the stock," he says.

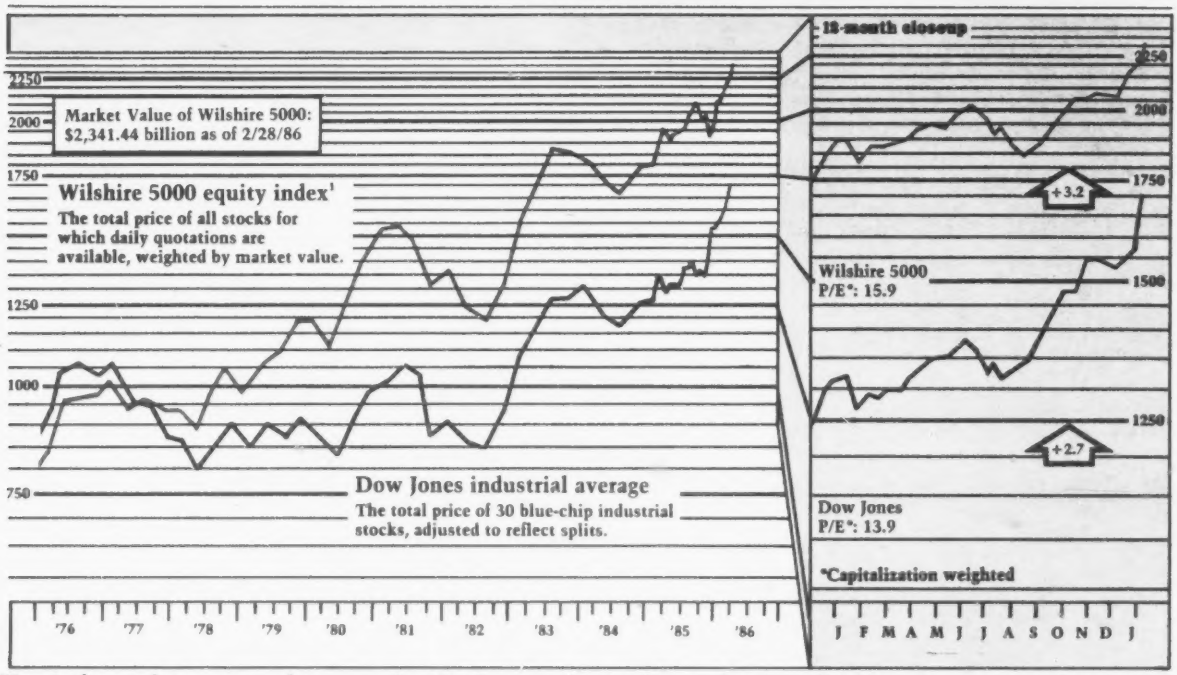
Indeed, Banc One insiders control 11% of the stock, and McCoy and his family's shares are worth about $8 million. Earnings have improved every year since 1968. Last year Banc One's profits hit $130 million, or $2.01 per share, up from $108 million, or $1.74, in 1984. This year analysts look for maybe $2.25 per share.

Banc One is part of an emerging breed of new banking powerhouses that show earnings performance and balance sheets that shame most money center banks. Energy, agriculture and foreign loans amount to less than 2% of Banc One's portfolio. Its nonperforming loans are 1.3% of the portfolio. Banc One doesn't chase after big corporate customers. Instead, it plies the more profitable middle market, lending to companies with, say, $5 million sales and up, and pushing retail lending like credit cards (13% of its loans). "I don't think there's ever been a bank that's failed because of bad installment loans," McCoy notes. Last year Banc One's 1.37% return on assets was the best performance of the 40 largest banks.

This is partly because of McCoy's successful small-town strategy, a canny combination of cost-cutting and well-focused retailing. "It's like Wal-Mart," he says. Since it's already among the biggest bank credit card processors, with nearly 6 million accounts, when Banc One takes over a small bank's data processing it immediately wrings out economies of scale.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Hasn't the market gotten rather expensive? With gains of 3.2% for the last two weeks and 7% for the last four weeks, the Wilshire 5000 ratcheted up to 15.9 times latest 12-month earnings. This exceeds, by a full point, the previous high multiple on the Wilshire, set in June 1983.

The bulls' justification: Inflation is low. But remember, inflation over the past 12 months was 4%, vs. 3.5% over the 12 months up to the June 1983 high. Also: Declining inflation ought to be a bullish sign for bonds, not stocks. Stocks are already well (although not perfectly) insulated against inflation. Bonds are totally unprotected.

Next excuse: Earnings will go up. For The Forbes Sales 500, for example, analysts are predicting a 23.8% higher earnings gain this year over 1985, followed by another 13.2% gain next year. Very respectable. But if investors become nervous about profits—or if they stop bidding up stocks merely because bond prices are going up—the averages could move down in a hurry.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	7.0	6.5	8.8	7.0	5.5	7.1
in last 52 weeks	23.8	26.1	31.6	23.3	12.6	25.2

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	7.7	5.9	8.8	5.0	6.0	7.9	5.3	5.4	6.8	7.2	8.7	2.3
in last 52 weeks	28.0	26.7	42.4	31.5	18.2	34.5	26.2	29.6	38.9	35.7	39.1	9.6

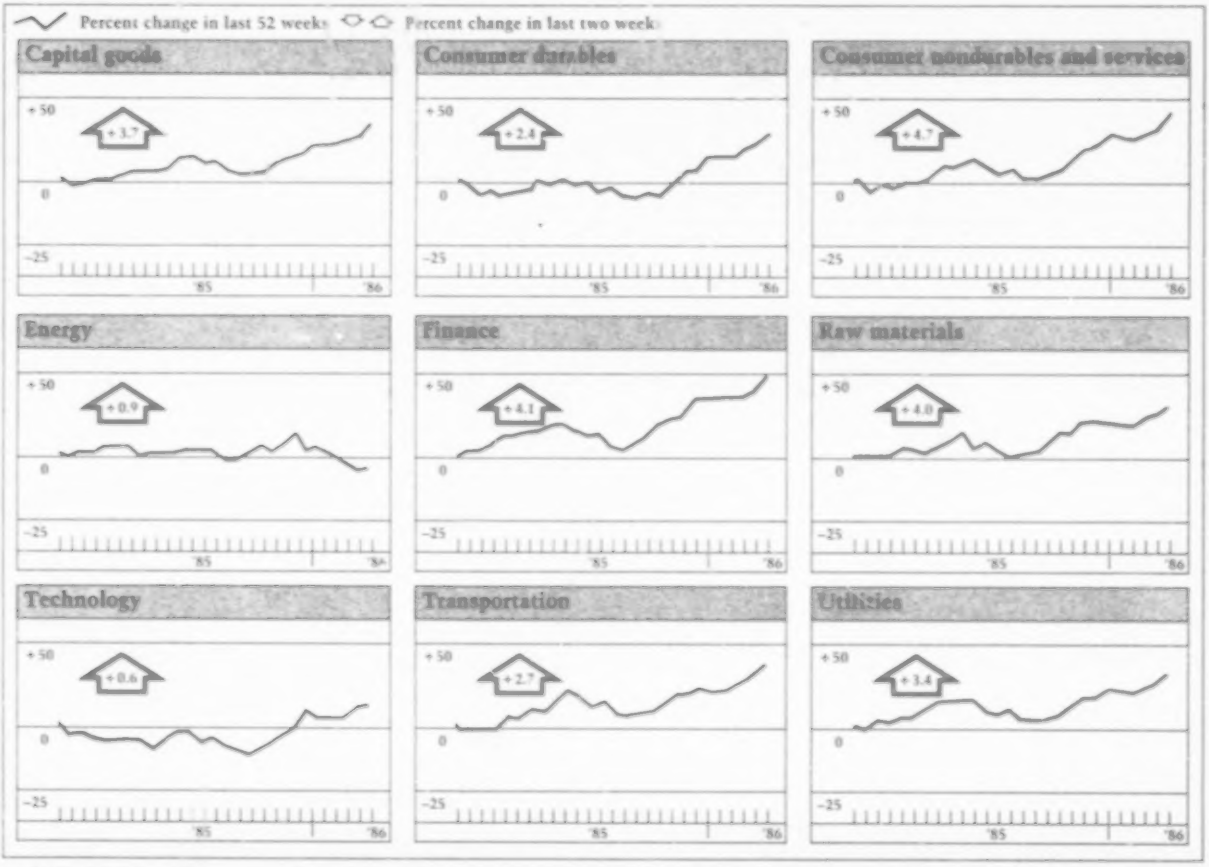
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/28/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Gay French

Where The Action Is

Why bankers are smiling. On top of the heap for 52-week performance, with a 39.5% gain, is the finance sector. Yes, the prospects at some commercial banks have been dimmed somewhat by loans to the oil industry and Third World nations. Nevertheless, most of these companies have benefited from declining interest rates, takeover fever and the growth of regional interstate banking. Lower interest rates and the maturing of older, lower rate mortgages has also helped the savings and loan stocks *(see p. 207)*. The best-performing major finance stock is Financial Corp. of America, which is benefiting greatly from lower rates but still has a lot of work to do cleaning up a portfolio of bad loans. In the last two weeks this stock jumped nearly 32%.



What The Analysts Think

Revised edition. In the last two weeks Wall Street raised, slightly, its 1986 estimates for finance and consumer durable stocks. Truer to form, however, security analysts had second thoughts about their earlier, more optimistic, projections for the seven remaining sectors. For the energy group, analysts slashed their forecasts by nearly 3.9%.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.14	14.8
1986 estimates	4.13	11.2
1987 estimates	4.87	9.8

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Finance	$3.85	10.5	0.81%	1.56%
2	Consumer durables	4.37	8.9	0.17	0.07
3	Capital goods	2.84	13.7	-0.03	-0.10
4	Consumer nondurables	2.53	14.0	-0.11	2.56
5	Utilities	3.35	9.1	-0.34	-0.57
6	Technology	2.87	13.8	-0.55	-1.53
7	Transportation	2.62	11.8	-0.58	-1.68
8	Raw materials	2.29	13.9	-0.75	-1.46
9	Energy	3.36	8.3	-3.86	-6.81

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 2/28/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

Currently, the cattle market is being cleared of overweight animals. This brightens the prospects for higher prices.

TRIMMING THE FAT

By Stanley W. Angrist

The cattle market has looked sick in recent weeks. Nearby contracts have been weakest because there is no shortage of animals ready to come to market. Heavier-than-projected slaughter—with kill levels running 3% to 4% ahead of last year—has had a major bearish influence on cattle market participants. January slaughter records show that cow kill is up more than 10% from last year. Steer and heifer kill are running 2% ahead of 1985, about in line with expectations.

There were 9% fewer cattle-on-feed on the first of January in 13 states than a year earlier. That's a smaller number on feed for this time of year than in any of the last 16 years except in 1982 and 1975. The only increases from last year in cattle-on-feed were in the heavyweight groups, steers weighing over 1,100 pounds and heifers weighing over 900 pounds. There were 15.5% fewer steers and heifers on feed weighing less than 900 pounds.

Meanwhile, the estimated inventory of all cattle and calves on farms on Jan. 1, released on Feb. 10, was bullish for cattle, showing a decline of 4 million head from this time last year. The report confirmed expectations: We now have the smallest cattle inventory since 1963. The "Seven State Cattle-on-Feed Report," released on Feb. 14, showed that total feedlot population on Feb. 1 was down 7% from a year earlier. Traders were prepared for a bigger drop and initially sold the market with a vengeance.

These reports all tell me the same thing. Once the heavier-weight cattle are cleared out of the pipeline, higher prices are on the way. Phil Tiger, who publishes a newsletter that tracks spreads in all of the commodity markets, has found a trade that logically fits with these fundamentals. (For information write: *Tiger on Spreads*, P.O. Box 1414, McLean, Va. 22101). Tiger has tracked the spread of long June/short October cattle since 1969. He found that the spread has widened in 16 out of 17 years. (That does not necessarily mean that profits would have been made in 16 of 17 years. One could have put the spread on, thinking it was as narrow as it was going to get, only to find it narrowing further, stopping one out with a loss. It then could have widened, resulting in a profitable trade.)

On average, the spread widened 450 points (ignoring the losing year of 1985), or $1,800 from its low point (usually occurring in the December through February period) to its high point (generally made in the April through June period).

Given the existing fundamentals, the spread is worth trying this year. I would put it on, with June at no more than a 350-point premium to October, and look for at least a 250-point profit ($1,000 per spread). That means I expect it to make about an average move of 450 points or so from its low point of 170 points June over October. I would risk 100 points ($400 per spread) from my entry. The margin on this spread is $500, while the round-turn commission at a discounter would be around $50.

Another way to play this spread would be to buy the June 60 call, while selling the October 60 call, for a net debit of 100 points, which means the trade would cost you $400 per spread. Look for the spread to widen by at least 150 points. ■

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

Steering for profits

The table shows ten years of the June versus October cattle spread, and the consistency with which it has widened. Though the table starts with 1977, the pattern dates back to 1969. Current fundamentals indicate that traders could profitably take advantage of this relationship. (Note: Under the "Spread low" column, a minus sign means that June was selling at a discount to October.)

Year	Date of low	Spread low (points)	Date of high	Spread high (points)	Maximum net change (points)
1977	1/5/77	–120	5/2/77	260	480
1978	1/5/78	–50	5/31/78	380	430
1979	11/15/79	–50	3/22/79	530	580
1980	4/18/80	15	4/28/80	290	275
1981	1/28/81	20	4/29/81	445	425
1982	12/15/81	100	6/1/82	980	880
1983	11/26/82	150	6/11/83	780	630
1984	10/28/83	230	3/1/84	590	360
1985	6/1/85	–300	11/20/84	450	–750
1986	12/20/85	170*	1/27/86	390*	220*

*To date.

C 3950-1

APRIL 7, 1986 THREE DOLLARS FIFTY CENTS

Forbes

THE COURTS – CAN THERE BE A RISKLESS SOCIETY?

NETHERLANDS ANTILLES

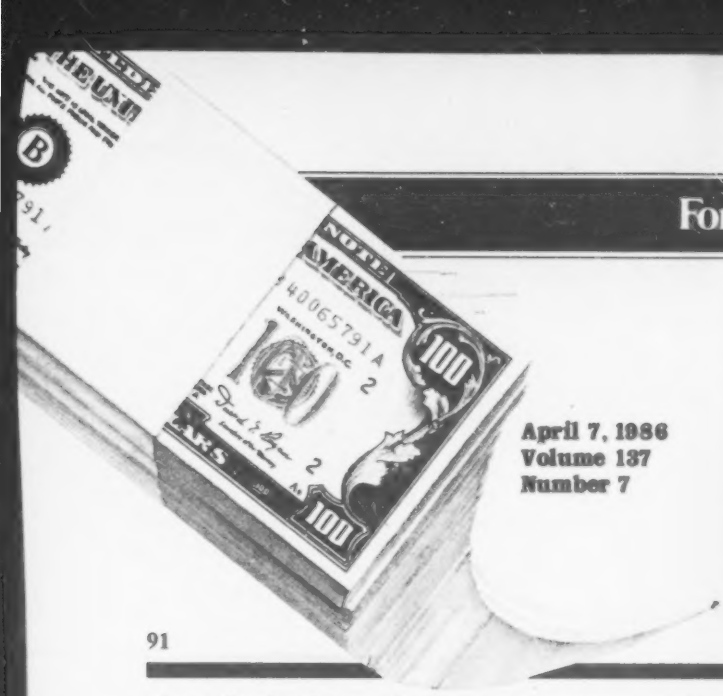
THE NEW HIDEAWAY

********** CAR-RT SORT ** C802
T29103Z9 S2 ZZ 0004
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4523 EASTWEST HWY
BETHESDA MD 20514

0 74820 08317

Forbes

April 7, 1986
Volume 137
Number 7



91

32

The editorial index of companies referred to in this issue is on pages 152 and 153.

Companies

31 Sears, Roebuck & Co.
Yes, it's in lots of other things, but retailing remains the heart of the business.

54 Briggs & Stratton Corp.
The Japanese take aim at the GM of lawn motors.

76 The Up & Comers
Rent-A-Wreck was a great idea. Too bad David Schwartz didn't stick to it. Also: France's Georges Salomon; Selchow & Righter.

95 Time Inc.
Cable television meets a utility company off the balance sheet.

98 Grumman Corp.
Nearly bankrupt a decade ago, it is once again flying.

102 U.S. Trust Corp.
Daniel Davison has returned it to its roots.

Industries

88 Semiconductors
One corner of the market is becoming so crowded that not even the Japanese are likely to make much money in it.

Regions

46 Winemaking In Texas
Out there west of the Pecos, a small band of Frenchmen is taming the land.

International

30 The Dollar
The Group of Five has driven down its value against only a handful of currencies. That's not enough.

40 Privatization
Governments all over are selling state assets. Fine, but are they good investments?

91 Cover Story: The Netherlands Antilles
Businessmen and officials resent their new image as a money laundry. But they're not doing much to change it.

Investing

32 Real Estate
Shopping center magnate Jerry J. Moore has a savvy touch with Houston real estate.

35 Contrarian Thinking
Five years ago folks thought the oil patch offered boundless opportunity. Why should today's conventional pessimism be any wiser?

134 Statistical Spotlight: The Canadian Dollar
It was left out of the past year's rally in foreign currencies. An opportunity now?

Departments

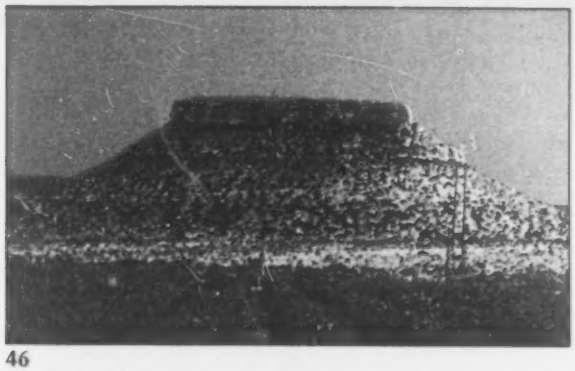
6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
155 Flashbacks
156 Thoughts

Money & Investments

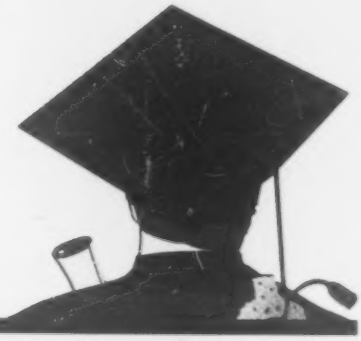
25 What's Ahead For Business
26 The Forbes Index
131 The Forbes/Wilshire 5000 Review

Columnists

139 Ben Weberman
140 Susan Lee
141 David Dreman
142 Ann C. Brown
144 Srully Blotnick
146 Stanley W. Angrist



46



122

135 The Funds: Investing Eurostyle
If you want to do what Europeans do with their companies, don't look at reported earnings, look at cash flow.

150 Streetwalker
Italy Fund; Singapore Airlines; Republic Pictures; Oxford Industries; Arvin Industries; MCorp.

Finance

34 The Cardinal Rule
Leverage works both ways. Here is a case of just how rough the downside can be.

58 Leveraged Cashouts
With shareholders asking more questions about leveraged buyout proposals, a new technique that both enriches owners and protects management is gaining ground.

Numbers Game

72 Cash Flow Confusion
Intelligent investors increasingly are using cash flow to value companies. Unfortunately, easier said than done.

On The Docket

62 Judges
There is more to the mess in U.S. courtrooms than just attorneys and juries.

Taxing Matters

68 The Raskolnikov Syndrome
The IRS has fear—yours—working for it.

Marketing

104 Coca-Cola Meets Nutri-Foods
For a while it looked as if the soft drink giant was in no hurry to break into the frozen dessert market. Also: *Miami Vice* speedboats; playing the China card.

Technology

108 Insects
Say hello to the bug that's eating Texas. Also: Digital recording; weather bulletins; skin cancer testing.

Personal Affairs

114 IRAs After 70
They can keep working for you far into retirement.

115 House-Rich But Cash-Poor?
Here's a way to help your folks and get some tax breaks from Uncle Sam.

118 Social Security
The current bite runs as high as $3,000 a year. Will there be anything left when you retire?

Careers

122 College Costs
Tuition is rising, and Washington is helping students less and less.

Faces Behind the Figures

124 Robert O. Anderson, *oilman*
124 Kareem Abdul-Jabbar, *Los Angeles Lakers*
125 Yoshihisa Tabuchi, *Nomura Securities*
125 Stanley Abel, *Abel/Noser Corp.*
126 Christopher Reeves, *Morgan Grenfell Holdings*
126 Armen Der Marderosian, *GTE Corp.*
128 John Prentis and William Franke, St. Louis Globe-Democrat
128 Martin Bayerle, *Maritime Analysts Group*

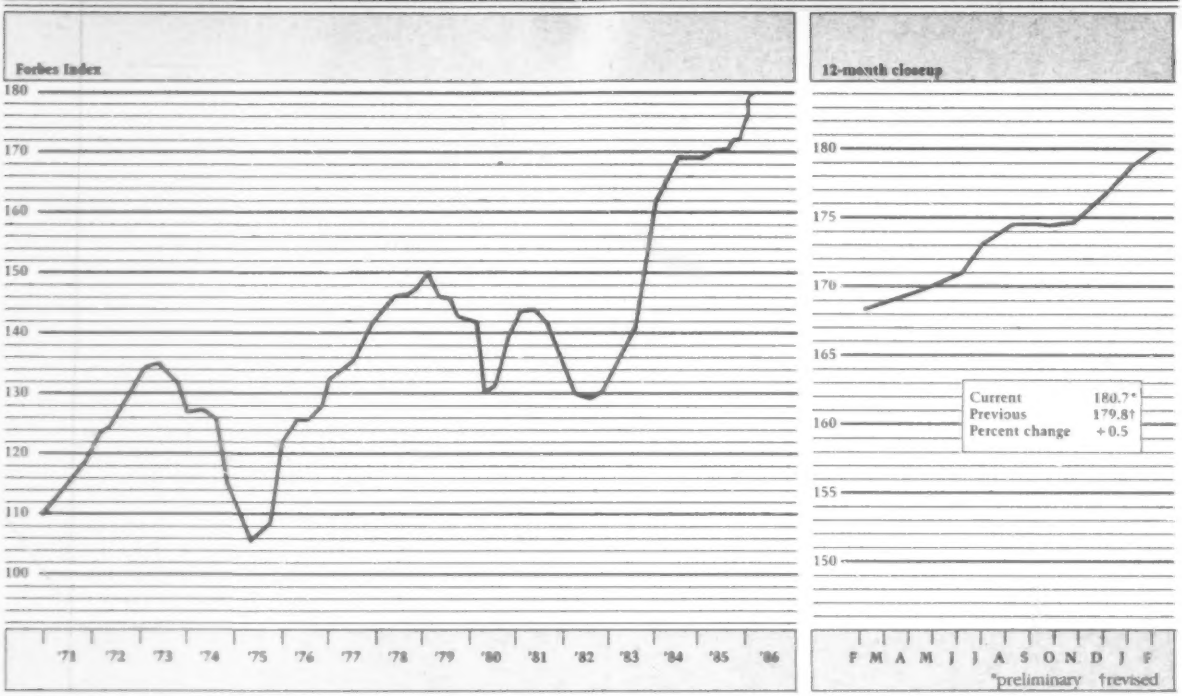
April 7, 1986 Volume 137 Number 7 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Bryce Lee, inset by Barrett Root

The Forbes Index



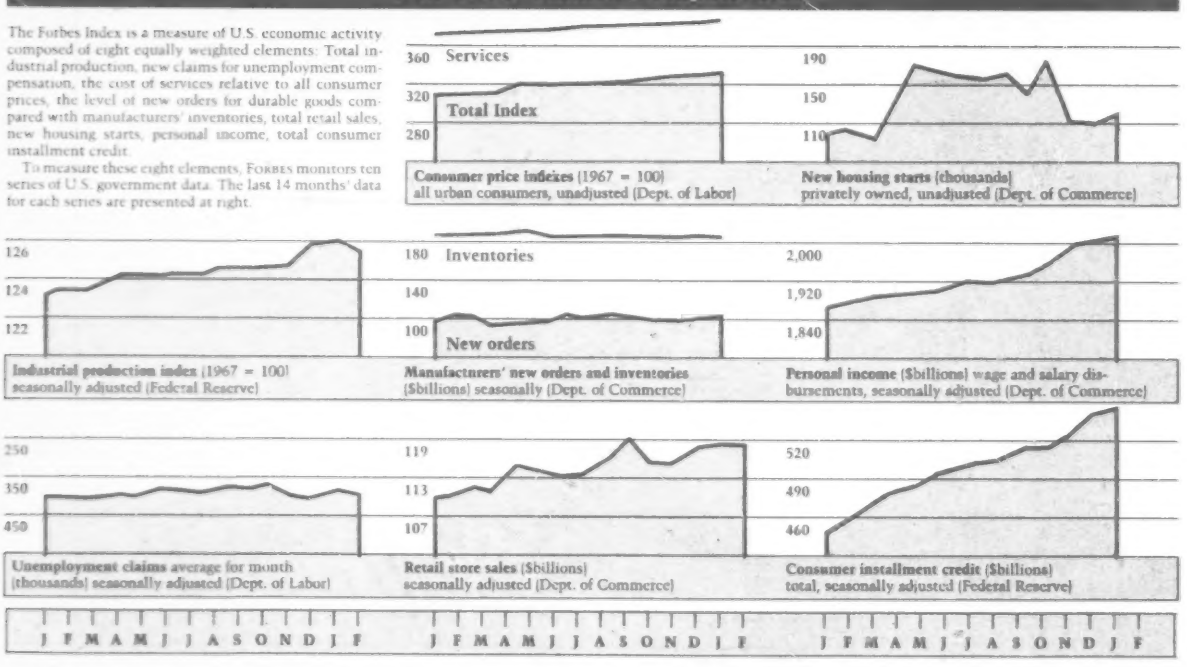
Achilles' heel. The Forbes Index climbed 0.5% during the latest reporting period, to yet another alltime high. Despite the new record, however, three components indicate that the economy still has some weak spots. New unemployment claims, for example, ratcheted upward 5.5%, the largest month-to-month jump in 16 months, while retail sales fell 0.1%, the second consecutive monthly decline. Industrial production also went down 0.6%, the first drop since October.

Bright spot: A 1.3% rise in new orders for durable goods, coupled with a 0.3% drop in inventory levels, may soon mean a boost for factory production. Furthermore, with inflation in check, the Federal Reserve has room to lower interest rates further to stimulate the economy.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Governments all over are selling state assets to shrink their public sectors and inject more competition. Good thinking, but are these assets good investments?

Priced to move

By Marcia Berss

HIGH ON THE POLITICAL agenda of the newly elected conservative government in France is privatization—selling back to the private sector companies that were nationalized by socialist President François Mitterrand in 1982 or taken over by Charles de Gaulle in 1945. International investors will be offered some of France's biggest corporations—leading banks, giant industrials and prominent insurance firms—at bargain prices on the Paris stock market.

Across the English Channel, the story is the same. Well-known government-owned outfits like British Airways will be sold on the cheap.

Why should big economies like France and Britain give away the family silver? Because privatization has more to do with shrinking the size of government and spreading capitalism than with raising money.

Consider. These are, after all, some of Europe's best-known businesses, mature, firmly established companies like French chemical company Rhône-Poulenc ($5.8 billion sales) and England's British Gas ($9.6 billion). And while many foreign stocks are difficult to buy and sell, the governments make sure that these privatization mega-issues are a snap to trade. Because the sales are so big relative to the local markets (British Gas, for example, will come out valued at some 4% of the total London market), the stocks are sold in the U.S., where investors can buy them via American Depositary Receipts at their broker.

To make these stalwarts even more enticing, they will come with balance sheets unencumbered with piles of debt, and trimmed labor forces. And then there's the price. "If the government wants them to be a success, the deals must be underpriced," says Paris lawyer Jean Loyrette, who drew the French blueprint for the sales.

Take the U.K.'s 1984 offering of phone company British Telecom, at $4.6 billion the world's biggest equity offering ever. In the U.S. the stock came out at 15½ and the same day moved to 29. Institutional money in the U.S. and Canada grabbed 8% of the deal, then almost immediately unloaded it. North Americans now hold less than 1% of the outstanding shares. "BT was clearly absurdly cheap," says money manager Nicholas Bratt of Scudder International. "It's not often in this business that we make as much money as we did as quickly as we did on BT." Because BT is a big part of London's market index, U.K. institutions quickly bought what the North Americans sold, keeping BT's price up (recently 32⅛) along with their exchange index.

Happy investors, happier government: The BT deal almost doubled the number of Britons directly owning stock, now 5% of the population (versus 20% in the U.S.). No wonder a lot of big money eagerly awaits the sale of British Airways (valued at $1.5 billion to $1.7 billion) and the fall offering of British Gas, a record $10 billion to $12 billion deal. "BT has encouraged people to see these deals as a bonanza," says a U.S. banker *(see table)*.

But there's another, not so obvious, reason for the low prices. The governments usually retain some control of their privatized companies and aren't afraid to use it. In 1984 the U.K. government exercised its "golden share" (which lets it intervene in cases of a "national strategic element") in Enterprise Oil. U.K. mining concern Rio Tinto-Zinc tried to buy control of Enterprise, but the government blocked the sale, in all likelihood depriving investors of a takeover premium. "With a golden share, you give up that element of control," says Sean Roche, international portfolio manager with Boston's Putnam Financial.

In France the new government is likely to privatize without a golden share, though foreign ownership will be restricted to 20%, limiting takeover possibilities by non-French raiders. First up for sale are big banks, like Paribas and Société Générale, and then the giant industrials like $8.5 billion (sales) electrical firm Compagnie Générale d'Électricité. The industrials with good profit records and U.S. ties ($7 billion Saint-Gobain, for example, owns CertainTeed, the U.S. insulation firm) are the most likely candidates for sale in the U.S., says Evan Galbraith, director international of Morgan Stanley and the former U.S. ambassador to France. But even the deals not directly offered in the U.S. can be purchased via mutual funds,

British bargains

The U.K. is the world's privatization leader, selling companies at low prices to spread shareholder capitalism. For investors—domestic and foreign—that means bargains. With the exception of oil companies, all the British sales have outperformed the market. And other countries, such as France and Singapore, are following the same low-price route. Below is a scorecard of recent U.K. issues.

Company/offer date	Offering price	Current price	Change in stock price	Change in market (from offer date)
British Aerospace/Feb 1981	150p	566p	277%	167%
Cable & Wireless/Oct 1981	112*	690	516	188
Britoil/Nov 1982	215	181	–16	126
Enterprise Oil/June 1984	185	132	–29	65
Jaguar/July 1984	165	470	185	71
British Telecom/Nov 1984	130	258†	98	47

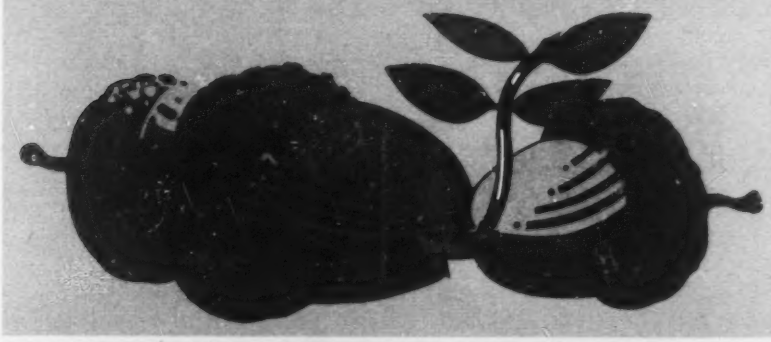
*p: U.K. stock prices quoted in pence. *Adjusted for stock split. †Fully paid basis.*

Corporate Finance

WCC Westinghouse Credit Corporation

IF YOU ARE LOOKING FOR WAYS TO FULFILL YOUR GROWTH POTENTIAL, WE CAN HELP.

The right corporate financing program should get its form from the customer's needs, not the lender's habits. WCC puts a team together to fulfill the unique demands of each situation. For acquisitions or general corporate purposes, we're experienced, flexible and creative with private debt placement, leverage buyouts and debt restructuring to fulfill your company's growth potential.



WE CAN HELP YOU DO BUSINESS A WHOLE NEW WAY.

WCC Westinghouse Credit Corporation

like the France fund currently being organized by Dillon, Read.

Some investors, however, seem put off by another factor: the possibility that since nationalization happened once, it could happen again. Which is true enough. But recall that even socialist Mitterrand paid private investors a good price when he took control of French corporations in 1982. And England's opposition Labor Party is not talking renationalization.

In any case, money managers are impressed with the improvements government owners make in preparing a firm for privatization, from new management to reducing debt. And if some changes are window dressing, so what? "If a privatized company still has lots of fat, it means there's more room for earnings improvement when it's public," says Sean Roche. For the long-term investor, says one money man, "What you're really buying in a privatization is an economy. Utilities and airlines are basic businesses." For the short-term player there's that highly probable quick gain.

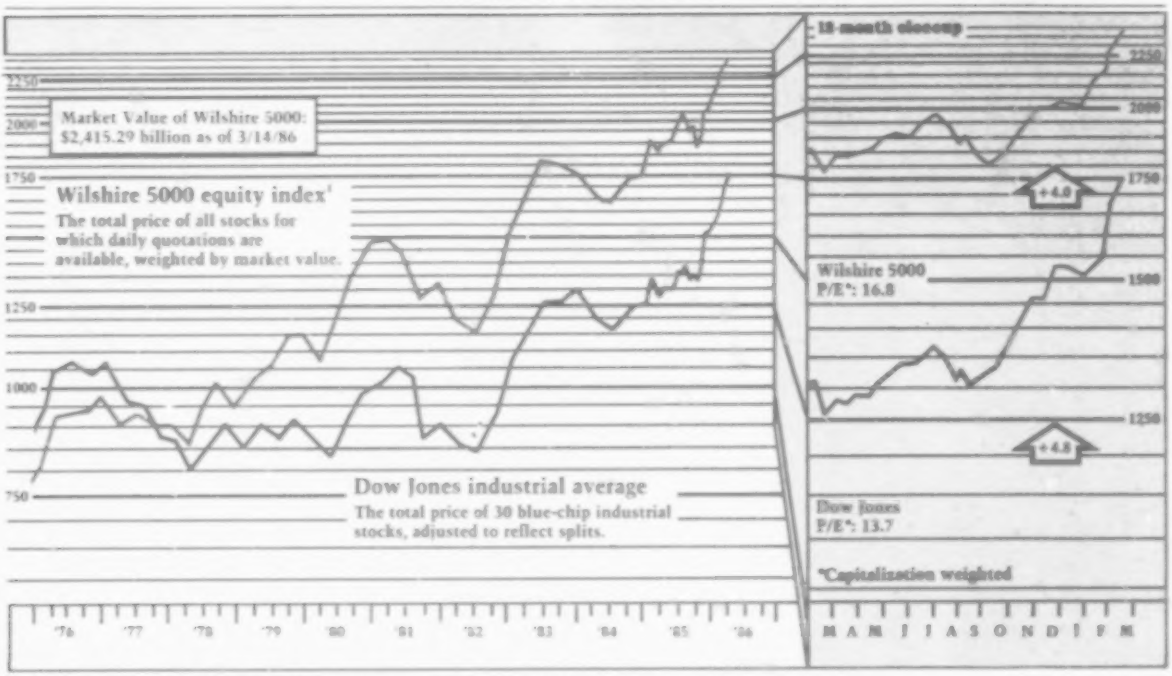
For the long term you buy basic assets and an economy. For the short term there is that highly probable quick gain.

Still, the fact that a government is selling a company doesn't guarantee it's a winner. International investors smelled a dog in U.K. oil company Britoil. "The government rushed to get out the prospectus during high oil prices," recalls a U.S. investor who passed on the deal. Smart move; the stock is now at 181 pence, 16% below the 1982 offering price. Banker Galbraith thinks the French banks probably won't be too enticing, either. U.S. banks don't trade at premiums, he argues, so why should French ones? And Loyrette worries the French may be privatizing at the top of a hot Paris market, roaring on enthusiasm for a new government, but leaving little room for investors to take gains.

The bottom line, though, is that no government can afford too many losers. "If a $6 billion deal is a turkey, you're putting the whole financial community at risk," says a banker working with the U.K. government. Not to mention unhappy investors, who will turn away the next time the government tries a sale, defeating the primary objectives of shrinking the government and spreading capitalism. Privatization, remember, has more to do with politics than price. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Is it a dream? The Dow industrials are up nearly 250 points since the start of the year and nearly 500 points since the rally began in mid-September 1985. The movement has been almost straight upward: The few brief and feeble market corrections have been quickly engulfed in new waves of rising prices. The blue-chip average closed the latest two-week period just a few points shy of the 1800 level. The total market capitalization of the broad-based Wilshire index has gained some $318 billion since the beginning of the year.

This buying frenzy has pushed up the Wilshire to 16.8 times latest 12-month earnings. Investors are paying a premium for stocks because they expect the effects of lower energy prices and lower inflation to ripple through the economy, boosting corporate earnings. If these forecasts don't pan out, however, or if investors decide that lower inflation isn't quite as bullish for stocks as commonly believed, stocks will seem way overpriced.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	7.2	7.4	7.7	7.5	9.3	6.2
in last 52 weeks	33.3	35.4	43.7	32.9	19.9	33.8

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	7.7	7.5	10.1	5.9	5.4	10.3	6.6	9.1	7.2	7.9	8.4	9.4
in last 52 weeks	38.0	33.5	55.9	35.6	25.7	44.8	31.3	40.8	47.0	42.3	47.5	20.3

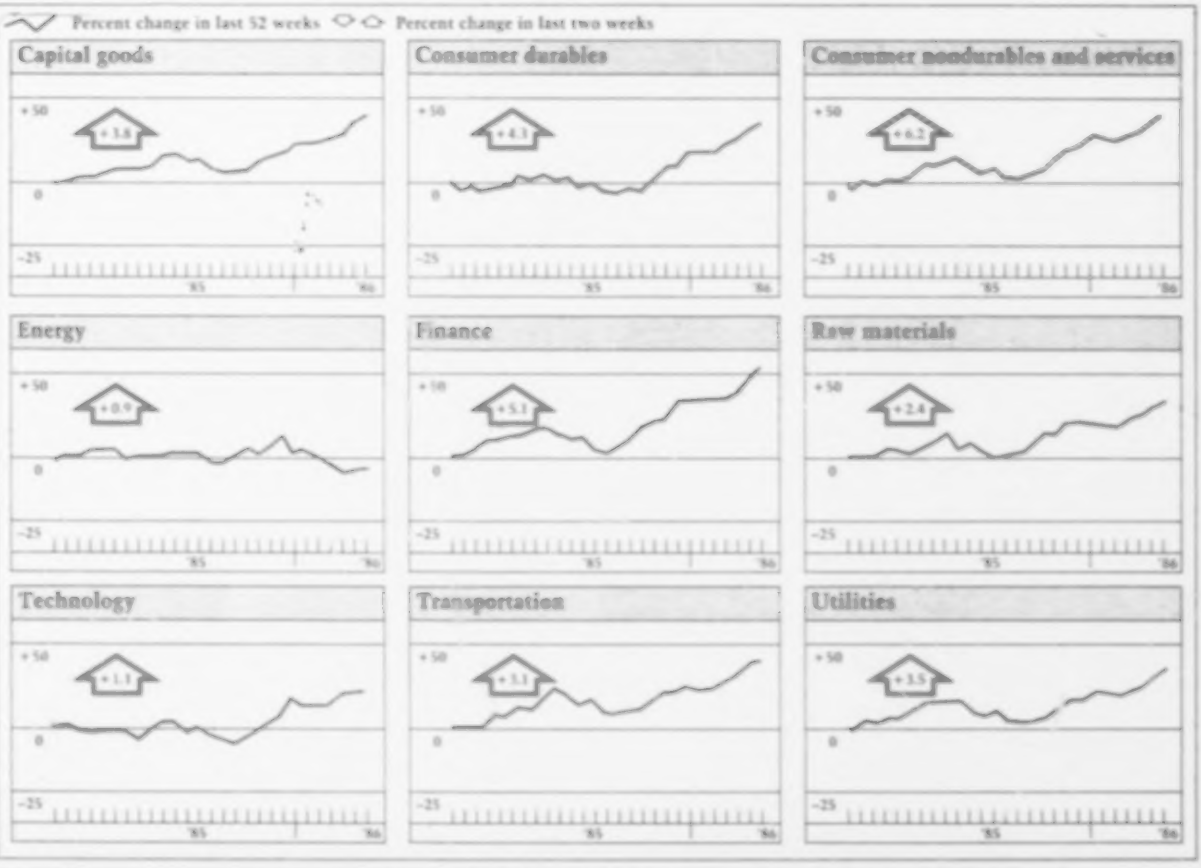
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/14/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Genes are in fashion again. Genentech, the DNA manipulator, rose 43% in the last two weeks, helping push consumer nondurables to a 6.2% gain. (The Wilshire index rose 4% in the period.) Does this say something about the nature of the current bull market? Genentech now has a market capitalization of $1.9 billion, about the same as that of Litton Industries. Last year, however, Litton had sales of $4.6 billion, while Genentech had sales of $90 million. Even if Genentech's sales were to grow at an annual rate of 53% to Litton's 3%, it would take the company nearly ten years to match the size of Litton.

Energy held the line with a 0.9% gain. But McDermott International, the offshore-platform constructor with a $1 billion portfolio of government securities, gained 31%.



What The Analysts Think

A strong market makes people feel richer. Falling energy prices and interest rates, the theory goes, should put more money in consumers' pockets. So Wall Street raised its 1986 earnings estimates for the two consumer goods sectors. Estimates were also a bit higher for New York banks, S&Ls and insurance companies.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.02	15.9
1986 estimates	4.07	11.8
1987 estimates	4.75	10.3

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer durables	$4.23	9.4	1.35 %	1.52 %
2	Finance	3.82	11.0	0.11	0.93
3	Consumer nondurables	2.52	14.9	0.11	-0.01
4	Utilities	3.34	9.4	-0.02	-0.36
5	Technology	2.88	14.0	-0.42	-0.96
6	Raw materials	2.22	14.6	-0.62	-1.27
7	Transportation	2.57	12.3	-0.63	-1.23
8	Capital goods	2.79	14.3	-1.11	-1.14
9	Energy	3.17	8.9	-5.47	-9.11

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 3/14/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

APRIL 21, 1986 THREE DOLLARS FIFTY CENTS

C3950-1

Forbes

DESIGNER/ RETAILER RALPH LAUREN

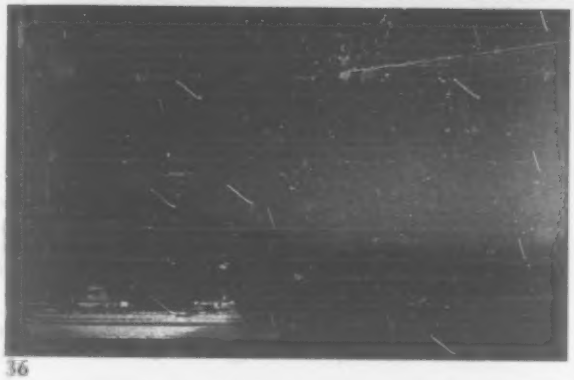
CAN HE HAVE IT BOTH WAYS?

********** CAR-RT SORT ** CR02 0004
T2910178 52 22
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
520 EAST/WEST HWY
THESDA MD 20814

Forbes

April 21, 1986
Volume 137
Number 8

94



36

The editorial index of companies referred to in this issue is on pages 168 and 169.

Companies

33 General Motors
How can the stock market value an H and an E at more than a G and an M?

44 Security Pacific Corp.
This bank holding company is blessed with a chairman of vision and drive, but the competition is tougher than it used to be.

54 Refac Technology Development Corp.
Gospel according to Eugene Lang: Money is not the product, it is merely a by-product.

72 Avon Products
"It's been tougher than I thought it would be," says Chairman Hicks Waldron. "But this is the year of our renaissance." Hmm.

78 Thrifty Corp.
It finally has its defenses in place; are they enough to keep the sharks at bay?

93 Ponderosa, Inc.
Management is doing better than its steak houses. Fat perks for the executives, lean profits for the chain.

100 Borg-Warner Corp.
What is James Beré's legacy as his 14-year tenure as chief executive draws to a close?

118 The Up & Comers
Hyatt Legal Services started its chain of storefront law offices five years behind pioneer Jacoby & Meyers. Guess who's on top. Also: Maxtor Corp.'s blessing in disguise.

Industries

36 Travel
Cruise lines and travel agents admit they deplore discounting. But does that add up to price-fixing?

International

32 Waiting For Britain's Big Bang
In London, champagne on a nervous stomach.

80 Mexico
Its booming stock market and fat brokerage profits show that there is opportunity even in the worst of economic crises.

Investing

31 He Who Gets Trampled
Beneath the bull market both the Big Board and Amex are losing ground to the over-the-counter market.

35 Watching The Bottom Line
Some companies showed rising earnings last year in spite of so-so business. Were the gains real?

Departments

6 Side Lines
8 Trends
12 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
171 Flashbacks
172 Thoughts

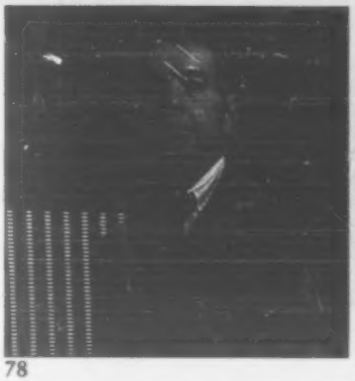
Money & Investments

25 What's Ahead For Business
26 The Forbes Index
147 The Forbes/Wilshire 5000 Review

Columnists

157 Ben Weberman
158 Susan Lee
159 Kenneth L. Fisher
160 Ann C. Brown
162 Srully Blotnick
163 Stanley W. Angrist

67



78

130

110 Real Estate Syndications
Lots of people who got sucked in a few years back now have handsome losses. And many don't even know it yet.

150 The Money Men: Harlan Matthews and Dewey Collins
Tennessee's $5 billion pension fund eases into the overseas markets.

152 The Money Men: Anthony Gumbiner and Brian Troup
These bailout bankers have developed an effective but hardly gentle therapy for sick companies.

166 Streetwalker
Buttes Gas & Oil Co.; Transworld Corp.; Compact Video, Inc.; Reuter, Inc.; Texas Commerce Bancshares, Inc.

Finance

38 Takeovers
With the stock market way up and many corporations overloaded with debt, the day of debt-for-equity swaps is nearly over. What's the new game going to be?

Science & Technology

124 On The Waterfront
Polluted water is causing huge numbers of fish to develop cancer. Can the disease be transmitted to fish-eaters?

Markets

67 Commodities: Tin
New York has gained a bit on London as the world's metals trading market, thanks in part to the Brits' disastrous fumble.

Marketing

94 Cover Story: Ralph Lauren
Having grown rich and famous selling through retail stores, he is now defying his best customers by going into direct competition with them.

106 Save The Children Federation
Is a little deception okay for a worthy cause?

Personal Affairs

130 When Your Art Or Antiques Need Fixing
Private and corporate collectors are now tapping specialist "fixers" from museums to restore and maintain their art treasures.

Careers

138 Investment Banks
The new meccas for supersharp young grads who want to make it big, in a big hurry. Even if they have to cool their heels at copying machines most of the time.

Faces Behind the Figures

140 John Portman Jr., *architect/developer*
140 John and Maureen Dean, *investment managers*
141 David Margolis, *Colt Industries*
141 David and Gail Liniger, *Remax International*
144 Ryal Poppa, *Storage Technology*
144 Sumiko Ito, *Nomura Securities*

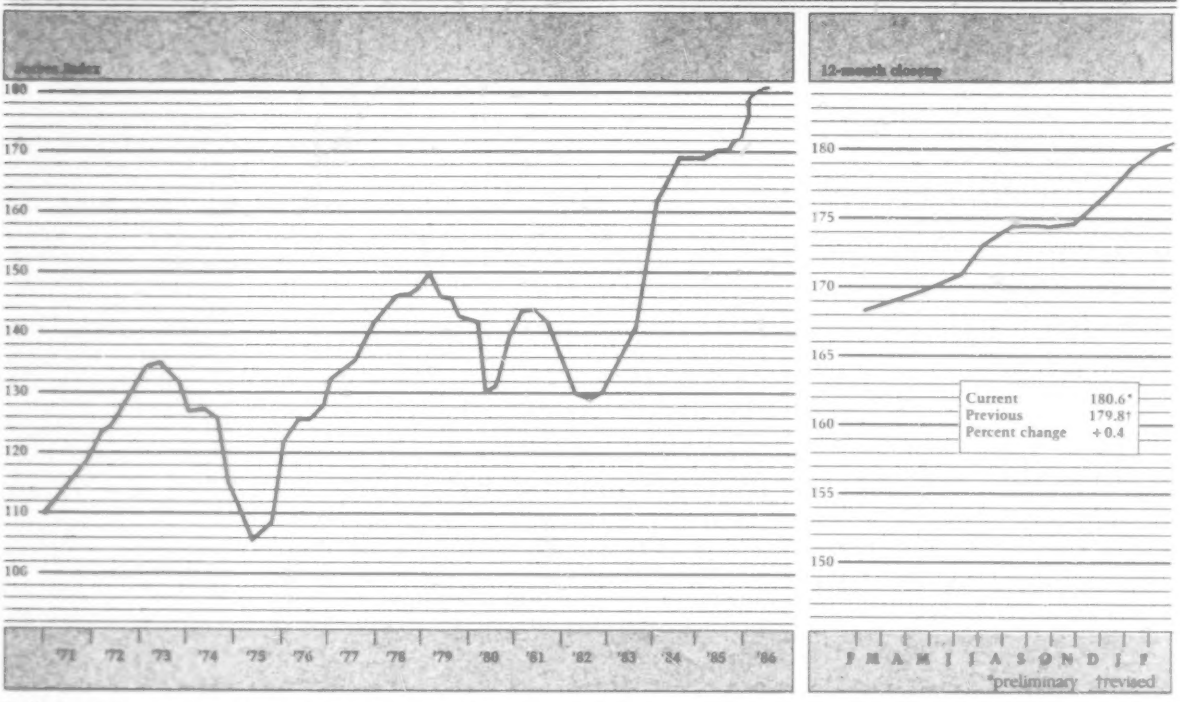
April 21, 1986 Volume 137 Number 8 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover photo by Bruce Weber

The Forbes Index



Deflation—for a month. The Consumer Price Index dropped 0.3% January to February. The drop, the steepest in 30 years, reflects tumbling oil and food prices. But the CPI services component increased 0.4%, primarily because of higher medical and entertainment costs. If oil and food prices merely level off, then, inflation will resume.

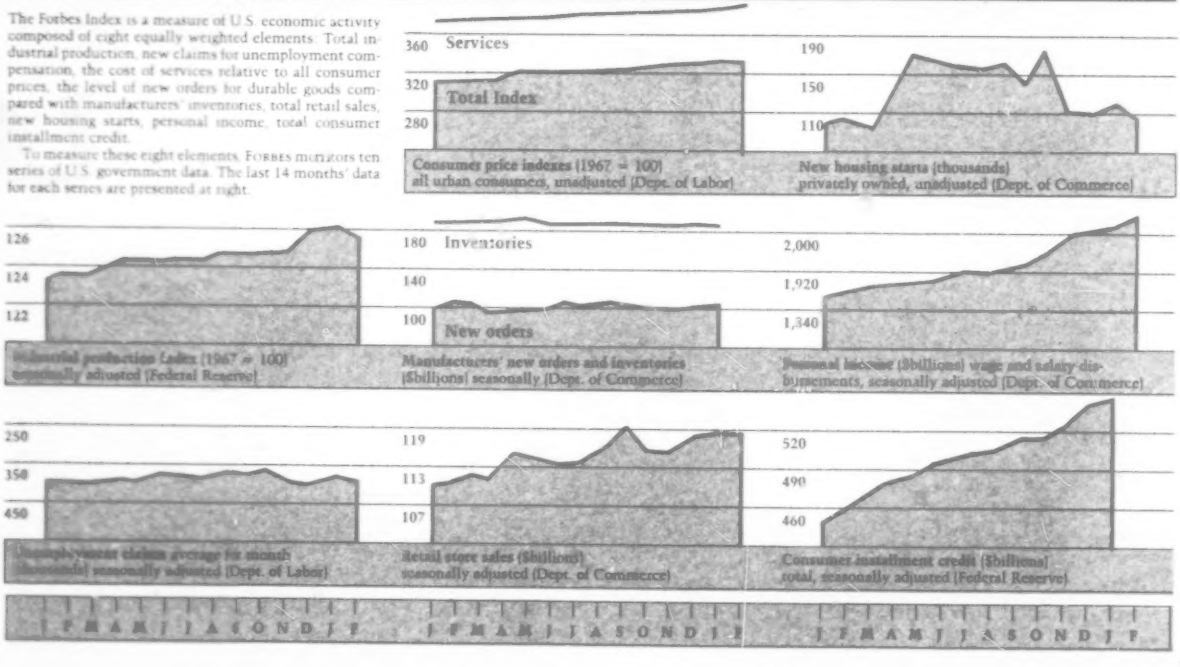
Personal income rose 0.5%, the biggest month-to-month jump since November. The rise helped push The Forbes Index to a 0.4% gain, the twelfth consecutive month of gains.

New housing starts fell 9.2% during the latest reporting period, but, nevertheless, remained 11.3% higher than during the same month last year. The dramatic decline in long-term interest rates has helped here.

The Forbes Index Components

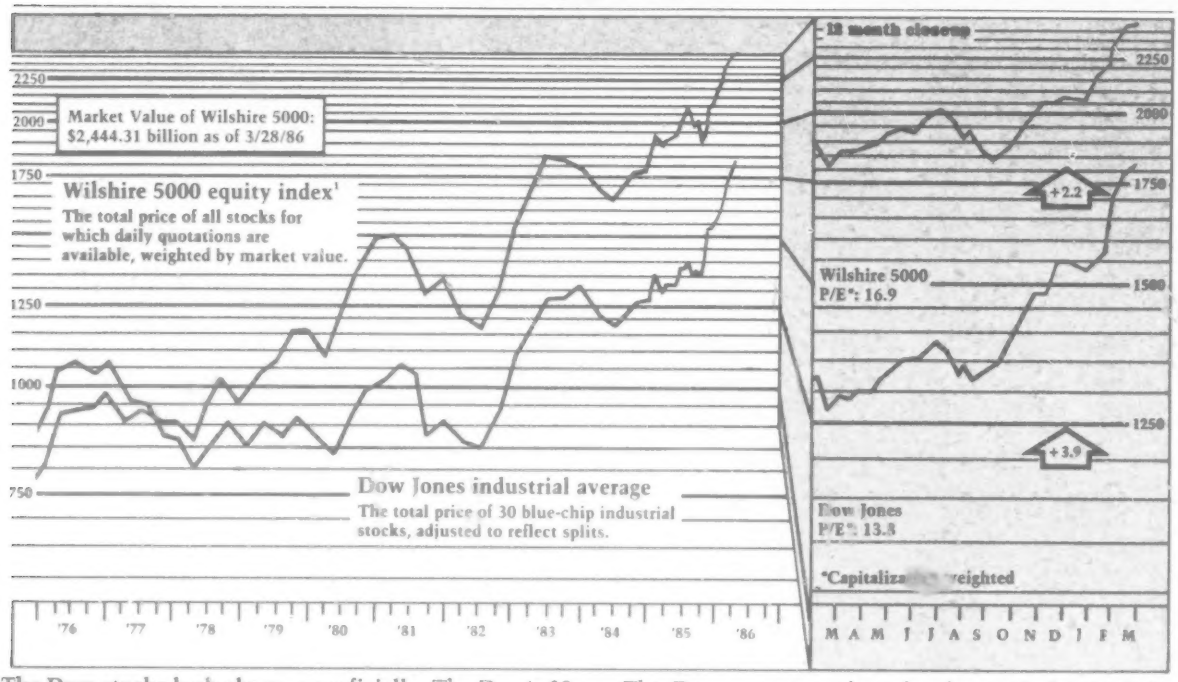
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



The Dow stocks look cheap, superficially. The Dow's 30 issues are selling at 13.8 times latest 12-month earnings. That multiple compares with 16.9 for the Wilshire index of 5,700 stocks. Does this mean Dow stocks are cheap?

Not necessarily. The 30 industrials may have poorer growth prospects than secondary issues. The DJIA includes three depressed oil stocks (Chevron, Exxon and Texaco) and GM, all selling at no more than 9 times earnings.

The Dow, moreover, has already raced ahead of the market as a whole, having risen 45% in the last 52 weeks, vs. 33% for Wilshire. Among the hottest Dow stocks: Woolworth, up 87%, where earnings are rebounding since a 1982 restructuring, and Westinghouse, up 81%, which is going to make a fat profit on the sale of its cable business.

Over the past year the NYSE index was up 32% and the Nasdaq, 34%. The standout laggard was the Amex index, up only 18%.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.2	5.2	6.3	5.5	5.5	4.3
in last 52 weeks	32.7	34.8	44.5	32.4	18.3	34.2

Stock performance based on six key investor yardsticks

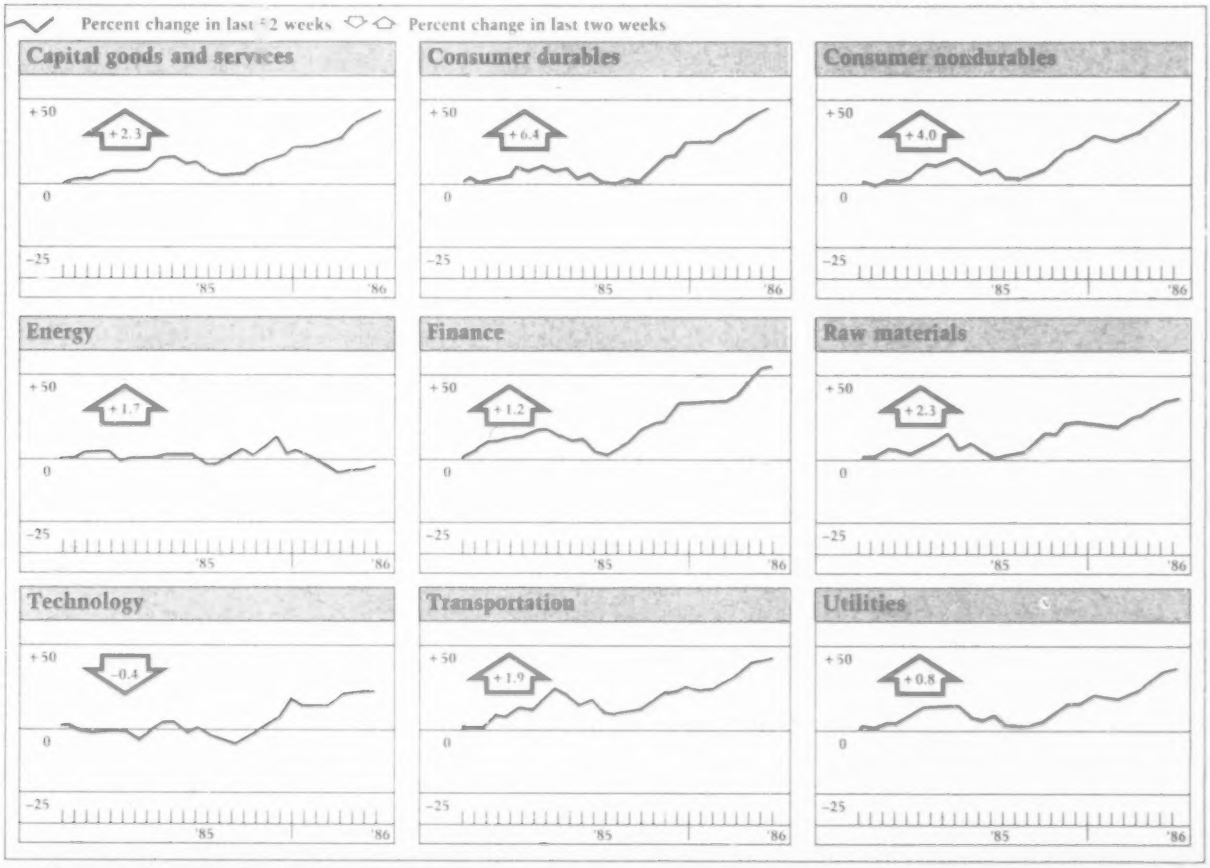
Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	5.5	5.9	6.9	4.3	4.2	7.2	4.5	7.8	5.4	5.9	6.0	8.9
in last 52 weeks	36.4	37.2	59.1	35.2	27.9	45.8	31.0	43.4	48.9	42.4	47.2	22.3

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/28/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Yen at work. Leading the consumer durables sector for the last two weeks are Chrysler, Subaru of America (an importer of Japanese autos), Ford and General Motors, with gains ranging from 10% to 18%. The performance of the automotive issues pushed the consumer durables group up 6.4% in the last ten trading days. Quite a surprise, considering what's happening on car lots. Chrysler, Ford and General Motors all reported sharp declines in sales for the latest two weeks. Unsold inventories of American autos are at nearly 2 million units, a near-record amount. Sales incentives are losing their effectiveness. Why has Wall Street ignored these signs? Investors are gambling that U.S. manufacturers will profit handsomely as the stronger yen makes Japanese brands more expensive.



What The Analysts Think

Today and tomorrow. The Forbes Sales 500 are selling at 16.1 times latest 12-month earnings, slightly under the Wilshire multiple of 16.9 for the overall market. But sharply higher 1987 earnings are expected by Wall Street analysts. The 500 stocks are priced at only 10.6 times the 1987 earnings forecast by analysts.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.02	16.1
1986 estimates	4.02	12.1
1987 estimates	4.63	10.6

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer durables	$4.37	9.7	4.11 %	5.59 %
2	Finance	3.83	11.1	-0.07	0.04
3	Capital goods	2.78	14.5	-0.21	-1.32
4	Raw materials	2.20	14.9	-0.55	-1.18
5	Utilities	3.34	9.4	-0.57	-0.59
6	Technology	2.82	14.1	-1.19	-1.60
7	Transportation	2.53	12.6	-1.55	-2.17
8	Consumer nondurables	2.46	15.7	-1.77	-1.67
9	Energy	2.92	9.8	-7.82	-12.87

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 3/28/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

C3950-1

SPECIAL ISSUE 1996 FOUR DOLLARS FIFTY CENTS

Forbes

The Forbes 500s Annual Directory

The Nation's Largest Companies Ranked Four Ways

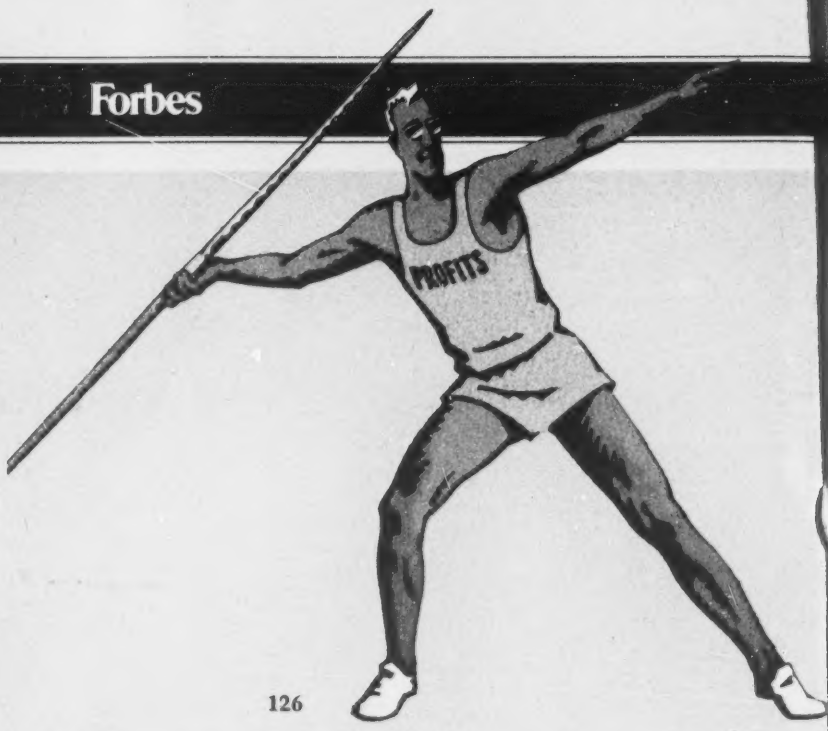
********** CAR-RT SORT ** CR052
T2910378 SZ ZZ 0052
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EAST WEST HWY
BETHESDA MD 20814

0 74820 08321 5

Forbes

April 28, 1986
Volume 137
Number 9

118



126

The Forbes 500s
The nation's largest companies ranked four ways

116 Introduction
Except on Wall Street, 1985 wasn't a year of big gains.

118 The Forbes Sales 500
Despite all those billion-dollar mergers, combined sales of the largest public companies inched up only 1.7%. Reason: There were big divestitures, too. Falling commodity prices also figured in the decline.

126 The Forbes Profits 500
Collective income of the most profitable companies was off 5%, in a year when the gross national product was up. Writeoffs of energy assets, obsolete factories and unfortunate acquisitions played a role.

140 The Forbes Assets 500
Managers, it seems, have gotten wise to the fact that it's not the company with the most assets that wins in the end. It's the company that makes the most efficient use of capital.

Industries

54 MIT's David Birch On The Corporate Life Cycle
Businesses don't just grow and slowly grow old; they oscillate. Understanding this rhythm may be the beginning of wisdom for businessmen and investors.

International

57 Capitalism From The Ground Up
The Third World's hopes hang not on megaprojects but on millions of tiny entrepreneurs in the "informal" economy. How can they get capital?

Marketing

61 Certified Hip
How do you use a 55-year-old artist wearing a bleached-blond wig to sell soup? Also: Branded diamonds.

Taxing Matters

67 The Ultimate Audit
Tales from survivors of the Taxpayer Compliance Measurement Program.

72 Revenue Enhancement
The Great Tax Opposer proposes a few fee increases.

Departments

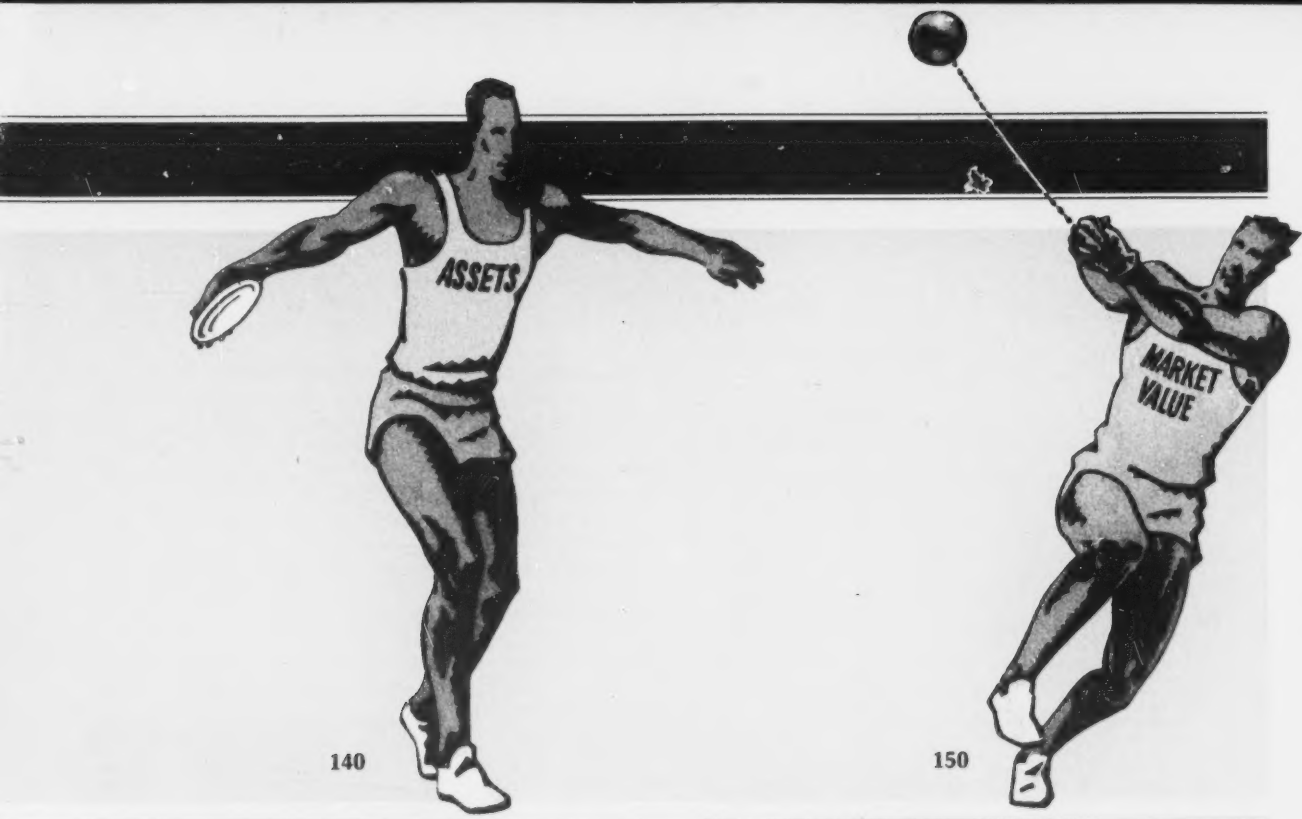
6 Side Lines
10 Trends
20 Follow-Through
28 Readers Say
37 Fact and Comment
40 Other Comments
45 Fact and Comment II
341 Flashbacks
342 Thoughts

Money & Investments

49 What's Ahead For Business

Columnists

331 Ben Weberman
332 Ann C. Brown
334 David Dreman
336 Stanley W. Angrist
338 Srully Blotnick



150 The Forbes Market Value 500
The combined value of the most valuable public companies was up a nice 23.9% last year, in spite of a rash of common-stock retirements. But the Wilshire index, which includes smaller companies, did better.

160 The Forbes 500s—Jobs And Productivity
Median sales per employee among Forbes 500s companies were up 3.4% last year, nothing to crow about. Holding ground in the productivity battle will be tough.

203 Ranking The Forbes 500s
An alphabetical summary of rankings for 798 companies that make it onto one or more of the 500s rosters.

240 The Forbes 500s On Wall Street
Stock market performance, earnings per share and key ratios for Forbes 500 companies.

282 Where To Find The Forbes 500s
Company addresses, telephone numbers, chief executives and lines of business.

Numbers Game

68 Governmentally Accepted Accounting Principles
What if the feds kept their books honestly? Would you believe a $333 billion deficit?

On the Docket

74 Anti-antitrust
The Reagan Administration's skepticism of the bigness-is-badness theory is actually putting lawyers out of work. Also: Manufacturers may have to pay if their products are tampered with.

Careers

78 The M.B.A. Hotshots
What the top B-school graduates want from employers.

Personal Affairs

82 Trouble In Paradise
What if your resort community forces you to buy a club membership after you've bought the house?

Science & Technology

96 Polaroid's Spectra
Polaroid thinks it's "the third coming."

Faces Behind the Figures

107 Robert Murphy, *General Motors Acceptance Corp.*
107 Philip Briggs, *Metropolitan Life*
110 William E. Brock, *Secretary of Labor*
110 Donald Petkus, *Chicago World's Fair 1992 Corp.*
110 Donald J. Schuenke, *Northwestern Mutual Life*
114 Sidney Ganis, *Paramount Pictures*
114 John Tompane, *Greybridge Inc.*

April 28, 1986 Volume 137 Number 9 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover and Table of Contents illustrations by Phil Huling

"I have a tremendous amount of energy to handle it all," says one M.B.A.-to-be. "I hope there's a job that can handle me."

The B-School A-Team

By Janet Bamford

TAKE THIS JOB and shove it," is not the kind of tune one would expect to hear from some of the country's best and brightest M.B.A.s, who are the most highly recruited students in America. But that was certainly the melody in the air at the Graduate Business Conference, a confab held last month at the University of Pennsylvania's Wharton School. FORBES was in attendance at the conference, which is sponsored by Nabisco Brands. On hand were 106 top students from 30 of the 650 business schools that are now in existence in the U.S.

For the most part, these were the leaders of their business school student government associations. Others were picked to be delegates by faculty and staff.

Their backgrounds are varied—from a former rabbinical student to former teachers to a veteran of the Los Angeles Olympic organizing committee staff. But all are the cream of different crops—Ivy League schools, prestigious private schools like Northwestern and Stanford, and the highly regarded state schools like the Universities of Virginia and North Carolina. These are the campuses that teem with recruiters each year. For example, at Northwestern, over 300 companies recruit on campus. Harvard drew 340 last year.

They have all heard countless pitches and, for the most part, they are not buying—at least not long term. This year's attendees (this is the fourth such conference) are as cocky about starting their own businesses as the Dow Jones industrial average is steep. And maybe that is more than coincidence.

Nick Kelsh

Jim Moffatt, UCLA; Lori Winters, Northwestern; Charles Smith, Vanderbilt; April LaMon Bower, Indiana; Ravi C. Gupta, Wharton
Damn the recruiters, we'll do it ourselves.

Over three-quarters of the students intend to run their own businesses, sooner rather than later. In the meantime, many plan to get some additional grooming at the investment banks, consulting firms and corporate finance departments that have become, in effect, the finishing schools for tomorrow's top managers (FORBES, *Apr. 21*). Only a handful of these students are considering jobs in manufacturing, even for starters.

Why such a burning desire to go it alone, especially in students who have spent most of their lives in strict academic institutions, traditional spirit-killers of entrepreneurs?

Apparently the sweet smells of power and money are very heady indeed in this current economic climate. Listen to their thinking.

"If someone is willing to pay $50,000 or $60,000 for an M.B.A. to go out and do consulting, you should be able to do that for yourself," says John Fontana, a student at Dartmouth's Amos Tuck business school. Fontana hopes to start a business after a stint in consulting. "The McKinseys of the world see that you can create not only your salary but also a multiple of your salary in value for them. And they're usually pretty accurate judges of what they can make on a resource."

Some fear being underutilized in the corporate world. "I know I have a tremendous amount of energy to handle it all," says Aleta Freeman, a 25-year-old University of Rochester student. "I just hope there's a job that can handle me."

Others see starting a business as their best shot in an unfair society. "For me it is almost the only alternative," says Raymond Lambert, a black student at the University of Virginia. "I think there is still a very segregated corporate world. No matter where I would go the likelihood is frustration, so to be satisfied and rewarded, I'm going to have to do something for myself."

With the confidence of bullfighters, these students are undaunted by the miserable odds against startups (half of all new ventures disappear in the first four years, according to the Small Busi-

Nick Kelsh

Chuck Flores, USC; Melissa Self, U. of Washington; Mike Sherman, Harvard
A fear of being underutilized in the corporate world.

ness Administration).

"You hear that the statistics are stacked against us and that most new businesses fail," says John Marshall of Duke's Fuqua School of Business. "An awful lot of those businesses are started by people who don't have the training."

"People here feel that they have the components that will lead to success in a business of their own," says Kate Johnsen, of the University of California at Berkeley. "A lot of failures that have occurred have happened when people didn't have a basic understanding of business."

"If you're not entrepreneurial to begin with, this won't teach you to be," says Richard Golden, a University of Chicago student. "But this kind of training will enable you to stabilize and sustain a company once you've built it."

"We're different from people years ago," says Susanna Ross, who, with two partners, including a professor at her school, Case Western Reserve in Cleveland, is starting a business that will provide small foreign companies with marketing and distribution services in the U.S. "We've learned you just can't go in without a business plan and just do it."

Ross, 28, is already negotiating with a Malaysian concern that makes portable heat packs, which become hot when a seal is broken apart (one potential market is athletic trainers). Ross, who has an undergraduate degree in chemical engineering from Clemson and is a former $37,000-a-year sales rep for Du Pont, proudly wears a red sweatshirt that has the words "Almost Famous" emblazoned across the front.

"It's an opportunity to create your own style and your own niche," says Kate Johnsen. "You aren't being molded into a certain type of corporate culture."

Some M.B.A.s feel their hard-won business degrees will give them a safety margin against failure that other entrepreneurs don't have. Greg Fullmer, a Harvard student, says, "I'm more of a risk-taker because I have an M.B.A. I can start a business and if it fails, I still have an advantage in finding a job."

Ah, youth. Will they beat the odds and succeed as they hope? Only time will tell, of course. But one old salt at the conference, a 39-year-old named Bill Graham from York University in Toronto, has been there already and isn't so sure. Ten years ago he and some friends started a company to import small appliances from Europe to Canada. They sold the business a few years ago, enabling Graham to fulfill a lifelong dream—attending business school. And he has some cautions for his colleagues. He wonders, for example, if they are hungry enough to make successful entrepreneurs. "Many times the people who make a go of a business can't fail because they have nothing else to fall back on," he notes.

He recalls how his own business got more difficult to handle as time went on. "You start out with nothing to lose, but as the business grows, you are constantly having to make bet-the-company decisions and you do have something to lose. You never really get away from pledging your house."

Graham is going to work for Citicorp in Toronto. ■

The pulse of the student body

FORBES polled the students meeting at the University of Pennsylvania's Wharton School on several topics. Here are some questions and responses.

What field or industry have you chosen to enter? Investment banking or finance (24%), marketing or product management (20%), consulting (17%).

What do you expect as a starting salary? $25,000 to $34,000 (15%), $35,000 to $44,000 (54%), $45,000 to $54,000 (21%), $55,000 to $64,000 (9%), $65,000 and over (1%).

What would you expect to make annually five years from now? Less than $35,000 (1%), $40,000 to $74,000 (49%), $75,000 to $99,000 (21%), $100,000 to $149,000 (16%), $150,000 or more (13%).

Do you envision starting your own company? Yes (76%), no (17%), maybe (8%).

Most admired executives? Lee Iacocca, T. Boone Pickens, Ted Turner, James Burke, Peter Ueberroth. *Least admired?* T. Boone Pickens, Frank Borman, Carl Icahn, Ted Turner, Bill Agee.

Most admired companies? IBM, Hewlett-Packard, Johnson & Johnson, Apple Computer. *Least admired?* U.S. Steel, Union Carbide, General Dynamics, Eastern Air Lines and Procter & Gamble.

Were you employed prior to attending business school? Yes (89%), no (11%). (Average length of time employed, slightly over 4 years.) *What was your salary?* $10,000 to $25,000 (34%), $25,000 to $34,000 (40%), $35,000 to $44,000 (19%), $45,000 or more (7%).

Did you have to borrow money for school? Yes (65%), no (35%). *If so, how much have you borrowed?* $10,000 to $19,000 (45%), $20,000 to $29,000 (14%), $30,000 or more (18%).

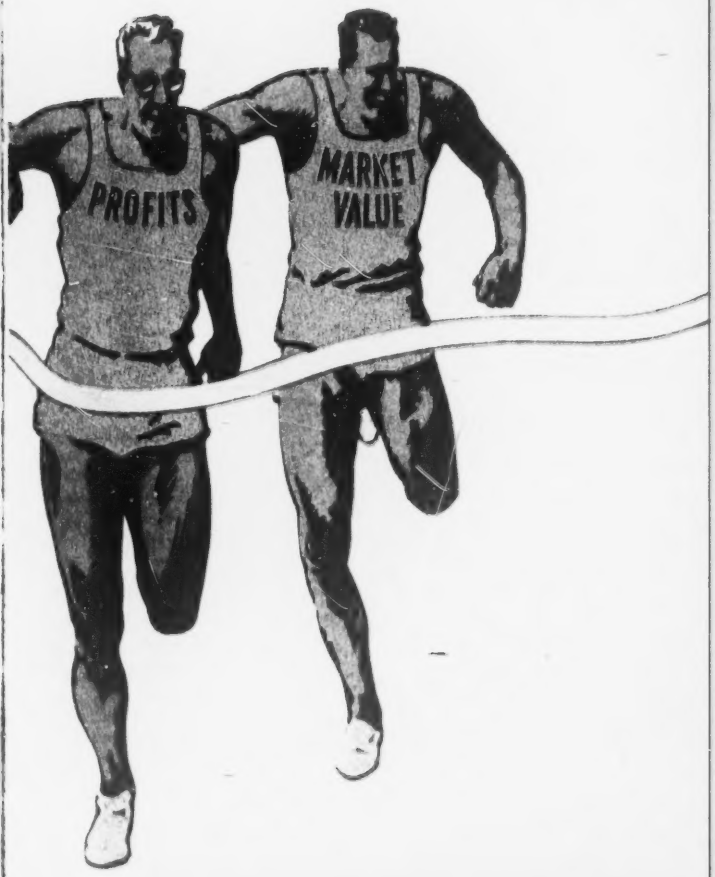
Would you be willing to move as often as every other year to advance your career? Yes (51%), no (40%), maybe (9%).

What is the best book on American business? "In Search of Excellence" (16%), "Iacocca" (8%).—J.B.

The Forbes 500s

Where to find the 500 lists

Sales 118
Profits and cash flow 126
Assets 140
Market value 150
Jobs and productivity 160
Alphabetical rankings 203
Stock market performance 240
Addresses, chief executives 282



The grand totals

Not only the performance of the economy—GNP was up 5.7% last year before inflation adjustment—but the activity of merger makers shaped these numbers.

Category	1985 totals	Change from 1984 %	5-year growth rate
Sales 500	$2.66 trillion	+1.7%	+4.0%
Profits 500	133 billion	–4.8	+2.3
Assets 500	5.11 trillion	+12.2	+10.0
Market Value 500	1.57 trillion	+27.9	+8.7
Total employment of 500s companies	21.1 million	+0.2	–1.3

ONCE AGAIN, Wilen Manufacturing Co. failed to make the cut. Wilen, a major floor-mop firm in Atlanta, boasts sales of $14 million, against the $1,251 million it would need to get on The Forbes Sales 500. But like a lot of small-business America that never shows in corporation lists like The Forbes 500s, Wilen is doing very well. Employment is up 60% in the past six years. Profits, though depressed by perks typical of a private family-owned business, were up last year. And the balance sheet is so clean you could eat off it.

Would that the megacorporations could say as much. Employment at the companies that appear on one or more of the 500s—Sales, Profits, Assets, Market Value—is on a long-term decline *(see the grand totals, at left)*. Profits were off last year. Balance sheets are deteriorating, for which you can credit all those debt-financed mergers.

What did it take to make the 500s? The cutoff for the Sales list, after 16 years of uninterrupted increases, fell slightly this time, from $1,256 million last year. The profits criterion of $54.6 million was 8.2% less demanding than last year's. Minimum assets were $2,291 million, an increase of 9.6%. Minimum market value of outstanding common was $823 million, up 31.5%, which mirrors the rise in the market. Our rules and definitions appear on pages 203 (alphabetical list) and 240 (stock performance).

Wilen may make the grade yet. For 43 years it has prospered in specialty industrial mops. "It's a much more progressive type of business than anyone that hasn't seen it can imagine," says President Joseph Wilen. If his firm can hang in for another 45 years with its present growth rate—and if it goes public—it will squeak onto the Sales 500. Read our April 2031 directory.

The Forbes Sales 500

Sales of the 500 largest public firms inched up 1.7%, to $2.66 trillion. Thus, net of inflation, they declined.

ARE MEGAMERGERS concentrating business power among a handful of big corporations? It might seem that way from the 336 acquisitions of publicly traded companies last year. Yet sales of the 500 largest companies increased only 1.7% during 1985—less than the 3.2% inflation rate.

Rank 1985	1984	Company	Sales ($mil)	Change over 1984 %
1	2	General Motors	96,372	14.9
2	1	Exxon	86,673	–4.6
3	3	Mobil	55,960	–0.2
4	4	Ford Motor	52,774	0.8
5	6	IBM	50,056	9.0

One reason for slow sales growth is corporate restructuring, as much in vogue as takeovers. Last year saw a lot of unit-management buyouts, in which a company unloads a division on its managers. Among such divestitures was the largest ever, the $1.7 billion sale of Union Texas Petroleum by Allied Corp., now Allied-Signal.

The other big reason for slack sales was commodity deflation. That cut sales at oil companies, which have a disproportionate weighting on the Sales 500 list. Of the 156 companies showing lower sales, 35 were in energy or energy-related areas.

A leveraged buyout of its four merchandising operations led Household International to a 59% revenue decrease. Gulf & Western Industries sold its consumer and industrial products group to Wickes Cos. and posted a 40% sales decline. Financially strapped Armco, with sales off 18%, sold its aerospace and strategic materials group.

On the plus side, 200 of the top-sales companies registered revenue increases of 7% or more, meaning their sales grew at more than double the rate of the Consumer Price Index. Chevron, which acquired Gulf Oil, reported a 56% increase. With $13.6 billion in revenues in 1985, Boeing reported a 32% increase in sales.

The FORBES rules on sales: For nonfinancial companies the figure includes net sales and other operating revenue. For financial companies, sales include operating income and other income. For oil, liquor and tobacco companies, sales exclude excise taxes. Unconsolidated subsidiaries are included if significant. ITT's Hartford Insurance is one.

Winners

The leaders in sales growth

Rank 1985	1984	Company	Sales ($mil)	Change over 1984 %
414	■	Triangle Industries	1,646	465.9
436	■	ICH	1,515	154.5
411	■	First Union	1,660	100.5
438	■	Ames Department Stores	1,513	84.0
297	475	Limited	2,387	77.7

■ Not on 500 list in 1984.

Losers

The laggards in sales growth

Rank 1985	1984	Company	Sales ($mil)	Change over 1984 %
210	64	Household Intl	3,385	–59.4
444	217	Charter	1,485	–55.0
211	115	Gulf & Western Inds	3,371	–39.8
342	232	Kaiser Aluminum	2,029	–36.5
327	250	Tesoro Petroleum	2,118	–27.6

The Forbes Sales 500

Rank 1985	Rank 1984	Company	Sales ($mil)	Change over 1984 %
6	5	Texaco	46,297	–2.2
7	12	Chevron	41,742	55.8
8	7	Sears, Roebuck	40,715	4.9
9	9	American Tel & Tel	34,910	5.2
10	8	El du Pont	29,239	–18.3
11	11	General Electric	28,285	1.2
12	10	Phibro-Salomon	27,896	–3.5
13	13	Amoco	26,922	–0.1
14	17	Citicorp	22,504	9.8
15	15	K mart	22,420	5.2
16	14	Atlantic Richfield	21,723	–8.6
17	19	Chrysler	21,256	8.6
18	20	ITT	19,901	3.2
19	18	Safeway Stores	19,651	0.0
20	26	Aetna Life & Cas	18,612	20.8
21	21	United States Steel	18,429	0.8
22	23	Kroger	17,124	7.5
23	28	Cigna	16,197	9.6
24	29	GTE	15,732	8.1
25	25	Phillips Petroleum	15,636	0.6
26	27	Tenneco	15,270	2.6
27	22	United Technologies	14,992	–8.2
28	32	Travelers	14,594	8.3
29	24	Occidental Petroleum	14,534	–6.8
30	34	Procter & Gamble	14,162	5.7
31	36	American Stores	13,890	14.6
32	30	Sun Company	13,769	–4.8
33	33	JC Penney	13,747	2.2
34	45	Boeing	13,636	31.7
35	50	RJ Reynolds Inds	13,533	36.5
36	31	BankAmerica	13,390	–7.0
37	37	Standard Oil	13,002	11.2
38	38	Southland	12,383	6.2
39	48	Philip Morris Cos	12,149	19.8
40	40	Beatrice	12,046	5.4
41	35	American Express	11,850	–8.1
42	55	Rockwell Intl	11,741	21.6
43	41	Dow Chemical	11,537	1.0
44	39	Xerox	11,526	–0.7
45	54	McDonnell Douglas	11,478	18.8
46	42	Unocal	10,738	–0.9
47	46	Westinghouse	10,700	4.2
48	56	BellSouth	10,664	12.0
49	44	Eastman Kodak	10,631	0.3
50	61	Fedl Natl Mortgage	10,342	13.9
51	58	Nynex	10,314	8.5
52	60	InterNorth	10,253	36.5
53	53	Federated Dept Stores	9,978	3.2
54	52	Dart & Kraft	9,942	1.9
55	51	Chase Manhattan	9,733	–1.5
56	47	Goodyear	9,585	–6.4
57	68	Lockheed	9,535	17.5
58	59	Lucky Stores	9,382	1.6
59	43	Allied-Signal	9,115	–15.1
60	69	Bell Atlantic	9,084	12.3
61	63	American Info Tech	9,021	8.1
62	57	Union Carbide	9,003	–5.3
63	49	RCA	8,972	–11.3
64	70	Dayton-Hudson	8,793	9.8
65	60	Burlington Northern	8,651	–5.5
66	92	Wal-Mart Stores	8,581	31.6
67	74	Pacific Telesis	8,499	8.6
68	73	Pacific G&E	8,431	7.7
69	65	Mfrs Hanover	8,385	0.8
70	84	LTV	8,199	16.4
71	72	General Dynamics	8,164	4.1
72	78	Sara Lee	8,080	6.8
73	77	PepsiCo	8,057	4.6
74	79	Winn-Dixie Stores	8,049	6.9
75	83	Southwestern Bell	7,925	10.2
76	81	Coca-Cola	7,904	7.3
77	76	Minn Mining & Mfg	7,846	1.8
78	67	Ashland Oil	7,843	–5.1
79	82	US West	7,813	7.3
80	75	Union Pacific	7,798	0.1
81	66	Amerada Hess	7,653	–7.5
82	94	Super Valu Stores	7,538	17.5
83	71	CSX	7,320	–7.7
84	96	Coastal Corp	7,275	16.2
85	106	Merrill Lynch	7,117	20.4
86	118	Fleming Cos	7,095	28.7
87	98	Digital Equipment	7,029	12.8
88	93	Anheuser-Busch Cos	7,000	7.7
89	101	Southern Company	6,814	11.3
90	87	Monsanto	6,747	0.8
91	90	Caterpillar Tractor	6,725	2.3
92	88	Georgia-Pacific	6,716	0.5
93	127	Loews	6,700	30.1
94	102	Honeywell	6,625	9.1
95	107	Great A&P Tea	6,615	12.5
96	91	JP Morgan	6,575	0.2
97	95	Hewlett-Packard	6,571	4.4
98	89	Santa Fe Southern	6,438	–3.4
99	100	Johnson & Johnson	6,421	4.8
100	105	Raytheon	6,409	6.9
101	85	UAL	6,383	–8.4
102	124	AMR	6,131	14.5
103	111	FW Woolworth	5,958	3.9
104	103	TRW	5,917	–2.4
105	143	McKesson	5,827	23.0
106	165	American Intl Group	5,782	35.1
107	129	Champion Intl	5,770	12.7
108	122	Sperry	5,736	6.8
109	228	Textron	5,721	77.6
110	123	American General	5,677	5.9
111	108	Chemical New York	5,651	–3.5
112	141	ConAgra	5,631	17.9
113	126	Ralston Purina	5,617	7.4
114	125	American Brands	5,616	5.3
115	120	Transamerica	5,590	3.5
116	128	Security Pacific	5,537	7.8
117	112	Consolidated Edison	5,498	–4.0
118	99	Texas Eastern	5,457	–11.9
119	117	Motorola	5,443	–1.7
120	131	First Interstate	5,235	5.4
121	116	Weyerhaeuser	5,206	–6.2
122	86	WR Grace	5,193	–22.8
123	136	Southern Calif Edison	5,169	5.5
124	109	Alcoa	5,163	–10.2
125	152	Pillsbury	5,146	17.0
126	160	Supermarkets General	5,123	17.9
127	121	Bethlehem Steel	5,118	–5.1
128	148	Archer-Daniels	5,114	10.9
129	147	Continental Corp	5,092	9.7
130	140	Pacific Lighting	5,083	6.3
131	142	May Dept Stores	5,080	6.7
132	144	Albertson's	5,060	6.9
133	195	Northrop	5,057	37.1
134	139	Burroughs	5,038	4.8
135	133	Commonwealth Ed	4,964	0.7
136	110	Texas Instruments	4,925	–14.2
137	161	Lincoln National	4,907	12.9
138	132	American Electric	4,848	–2.1
139	159	Eastern Air Lines	4,815	10.3
140	130	Control Data	4,810	–4.3
141	119	Halliburton	4,781	–11.9
142	157	Melville	4,775	7.9
143	135	Teledyne	4,717	–3.0
144	150	Borden	4,716	3.2
145	137	Bankers Trust NY	4,699	–2.8
146	156	Delta Air Lines	4,690	5.2
147	154	American Home	4,685	4.4
148	163	Emerson Electric	4,680	8.3
149	138	CBS	4,677	–3.2
150	146	Litton Industries	4,568	–1.8
151	174	MidCon	4,545	8.6
152	134	Colgate-Palmolive	4,524	–7.9
153	164	RH Macy	4,506	4.9
154	145	International Paper	4,502	–4.5
155	173	Bristol-Myers	4,444	6.1
156	114	General Mills	4,411	5.4
157	185	Martin Marietta	4,410	12.5
158	171	Fluor	4,410	4.7
159	172	Public Service E&G	4,409	5.1
160	168	IC Industries	4,405	4.3
161	162	North Amer Philips	4,395	1.6
162	176	Associated Dry Goods	4,385	6.8
163	153	First Chicago	4,370	–3.4
164	183	FPL Group	4,349	10.4
165	167	PPG Industries	4,346	2.4
166	179	NCR	4,317	6.0
167	206	Marriott	4,242	20.3
168	178	HJ Heinz	4,224	3.3
169	158	CPC International	4,210	–3.7
170	190	Campbell Soup	4,185	9.2

■ Not on 500 list.

The Forbes Sales 500

Rank 1985	Rank 1984	Company	Sales ($mil)	Change over 1984 %
171	184	Texas Utilities	4,170	6.1
172	170	American Can	4,165	–1.2
173	210	Hospital Corp	4,152	18.7
174	181	Allied Stores	4,135	3.1
175	189	Dresser Industries	4,132	7.6
176	155	Diamond Shamrock	4,102	–8.5
177	199	Kimberly-Clark	4,073	12.6
178	175	Houston Industries	4,062	–2.9
179	149	Columbia Gas	4,053	–11.8
180	169	American Motors	4,040	–4.2
181	231	Zayre	4,036	29.2
182	188	Pfizer	4,025	4.4
183	166	Deere	3,999	–6.5
184	191	Carter Hawley Hale	3,978	6.8
185	211	Alco Standard	3,942	12.7
186	207	Norfolk Southern	3,825	8.5
187	182	Firestone	3,794	–4.3
188	200	Dana	3,754	5.0
189	192	Boise Cascade	3,737	–2.1
190	151	Armco	3,733	–17.8
191	198	Transco Energy	3,733	2.4
192	197	Trans World Airlines	3,725	1.9
193	204	Owens-Illinois	3,696	4.3
194	219	McDonald's	3,695	9.8
195	225	Stop & Shop Cos	3,689	13.6
196	209	Eaton	3,675	4.7
197	201	Merck	3,548	–0.4
198	187	American Cyanamid	3,536	–8.3
199	212	Quaker Oats	3,517	0.6
200	196	Pan Am	3,484	–5.4
201	236	Whirlpool	3,474	10.7
202	202	Navistar Intl	3,457	–2.6
203	255	USF&G	3,442	28.2
204	227	Bank of Boston	3,436	6.5
205	193	Reynolds Metals	3,416	–8.4
206	113	National Intergroup	3,412	28.4
207	251	Gt Western Financial	3,404	18.7
208	240	Time Inc	3,404	11.0
209	203	Enserch	3,391	–4.3
210	64	Household Intl	3,383	–59.4
211	115	Gulf & Western Inds	3,371	–39.8
212	218	Wells Fargo	3,362	–0.3
213	238	Abbott Laboratories	3,360	8.3
214	■	Fireman's Fund	3,350	1.9
215	223	Finl Corp of America	3,345	2.0
216	205	Kerr-McGee	3,345	–5.5
217	186	Borg-Warner	3,330	–15.0
218	248	Wetterau	3,329	11.7
219	246	Owens-Corning	3,305	9.4
220	226	Consumers Power	3,298	1.9
221	208	Consol Natural Gas	3,282	–6.7
222	237	Eli Lilly	3,271	5.2
223	254	Walgreen	3,265	14.7
224	220	FMC	3,261	–2.3
225	249	SmithKline Beckman	3,257	10.4
226	234	Middle South Utils	3,238	2.9
227	241	Mellon Bank	3,222	5.2
228	215	BF Goodrich	3,201	–6.9
229	233	Warner-Lambert	3,200	1.1
230	252	United Telecom	3,198	12.0
231	263	Greyhound	3,171	15.0
232	216	Williams Cos	3,140	–7.4
233	258	EF Hutton Group	3,139	12.6
234	262	Tandy	3,126	13.9
235	224	United Brands	3,085	–5.0
236	339	Cooper Industries	3,067	51.1
237	239	Crown Zellerbach	3,062	–1.0
238	253	Scott Paper	3,050	7.1
239	273	Grumman	3,049	17.1
240	221	Celanese	3,046	–8.5
241	267	HF Ahmanson	3,029	11.8
242	265	GenCorp	3,021	10.8
243	247	Philadelphia Electric	3,014	1.1
244	222	Inland Steel	2,999	–9.8
245	260	Times Mirror	2,947	6.3
246	275	Kellogg	2,930	12.6
247	229	American Standard	2,912	–9.4
248	287	Ryder System	2,905	16.9
249	391	First Executive	2,899	65.2
250	268	Duke Power	2,899	7.0
251	230	Panhandle Eastern	2,889	–10.1
252	308	Kemper	2,882	25.2
253	177	Continental Illinois	2,880	–26.8
254	286	Sysco	2,877	15.5
255	264	General Public Utils	2,870	4.9
256	314	Staley Continental	2,854	29.2
257	243	Burlington Inds	2,832	–7.1
258	245	Wickes Cos	2,806	–7.4
259	285	Detroit Edison	2,788	11.6
260	294	Dun & Bradstreet	2,772	15.6
261	313	National Medical	2,744	22.3
262	266	Mead	2,740	0.7
263	272	Dominion Resources	2,712	4.1
264	261	Central & South West	2,711	–2.0
265	378	Bergen Brunswig	2,703	50.2
266	364	Chesebrough-Pond's	2,699	45.3
267	259	Niagara Mohawk	2,695	–3.3
268	297	St Paul Cos	2,672	13.2
269	306	Valero Energy	2,662	15.3
270	289	NWA	2,655	8.6
271	288	Ingersoll-Rand	2,637	6.4
272	277	Hercules	2,587	0.6
273	257	Fruehauf	2,564	–8.0
274	279	James River Corp Va	2,558	1.4
275	303	Continental Telecom	2,557	10.3
276	256	Jack Eckerd	2,556	–9.7
277	300	Revco DS	2,546	9.2
278	350	MCI	2,542	29.8
279	278	Penn Central	2,527	–1.6
280	415	Service Merchandise	2,526	52.5
281	304	USG	2,526	9.0
282	269	Norwest	2,516	–6.2
283	298	First Bank System	2,510	6.8
284	271	Interco	2,509	–6.0
285	276	Sonat	2,498	–3.6
286	235	Avon Products	2,470	–21.4
287	274	Marine Midland	2,456	–5.6
288	342	First Boston	2,452	21.7
289	290	Wang Laboratories	2,428	0.3
290	280	Singer	2,416	–4.1
291	322	American Petrofina	2,409	13.3
292	242	Combustion Eng	2,408	–21.3
293	295	Amfac	2,405	0.5
294	310	Gillette	2,400	4.9
295	331	American Medical	2,396	15.9
296	337	Chubb	2,394	17.7
297	475	Limited	2,387	77.7
298	302	Lear Siegler	2,358	1.5
299	377	Baxter Travenol Labs	2,355	30.8
300	■	Bear Stearns Cos	2,335	NA
301	402	Federal Express	2,321	35.5
302	317	Harris Corp	2,307	5.4
303	343	Humana	2,280	13.6
304	307	Genuine Parts	2,279	–1.1
305	333	CalFed	2,276	10.4
306	283	Engelhard	2,264	–9.9
307	309	Jim Walter	2,256	–1.8
308	328	Giant Food	2,247	5.1
309	299	Pennzoil	2,239	–4.7
310	340	Warner Commun	2,235	10.4
311	311	Best Products	2,235	–0.8
312	349	Gannett	2,209	12.7
313	421	MCorp	2,206	35.5
314	318	Murphy Oil	2,198	1.3
315	329	Sherwin-Williams	2,195	5.8
316	296	InterFirst	2,179	–8.0
317	319	Ethyl	2,168	0.0
318	368	Safeco	2,165	17.3
319	305	Kidde	2,165	–6.4
320	392	Capital Holding	2,163	23.9
321	345	Transworld	2,152	7.5
322	409	Turner	2,149	26.9
323	301	Cummins Engine	2,146	–7.7
324	291	Nicor	2,129	–12.0
325	369	General Re	2,123	15.2
326	341	Morrison-Knudsen	2,122	5.0
327	250	Tesoro Petroleum	2,118	–27.6
328	469	Price Co	2,107	55.0
329	437	Johnson Controls	2,105	43.2
330	315	RepublicBank	2,104	–4.6
331	416	MCA	2,099	27.1
332	384	Walt Disney	2,093	17.6
333	327	Northeast Utilities	2,081	–0.7
334	410	Lowe's Cos	2,073	22.7
335	325	Mack Trucks	2,063	–2.0

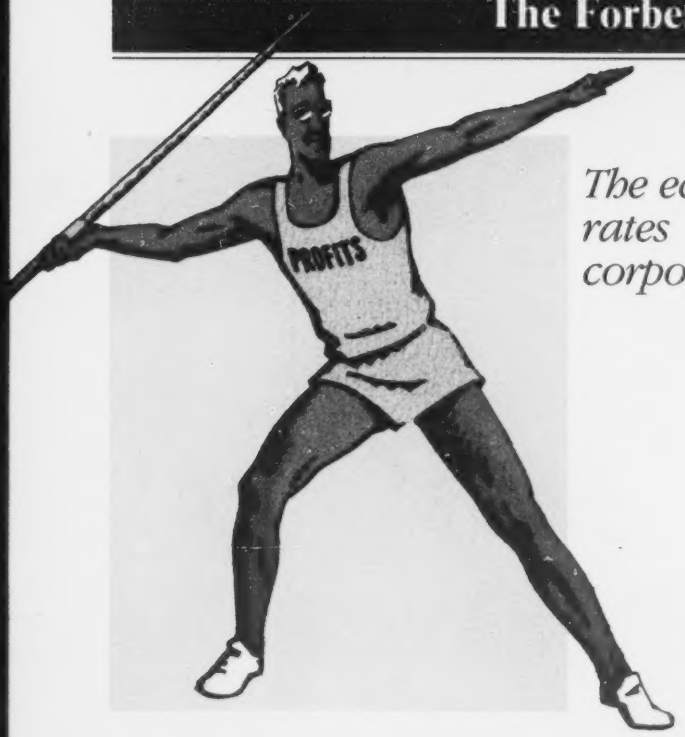
■ Not on 500 list in 1984 NA: not available

The Forbes Sales 500

Rank 1985	Rank 1984	Company	Sales ($mil)	Change over 1984 %
336	284	Beneficial Corp	2,059	14.1
337	324	Allegheny Intl	2,057	–2.8
338	335	Rohm & Haas	2,051	0.5
339	360	Squibb	2,042	8.3
340	373	RR Donnelley	2,038	12.3
341	348	Long Island Lighting	2,034	3.0
342	232	Kaiser Aluminum	2,029	–36.5
343	320	Irving Bank	2,028	–5.3
344	450	Circle K	2,020	25.8
345	■	Home Group	2,019	–4.9
346	316	Upjohn	2,017	–7.8
347	429	Paine Webber Group	2,010	29.7
348	359	Hershey Foods	1,996	5.5
349	382	PacifiCorp	1,983	11.0
350	428	Pennsylvania P&L	1,977	26.5
351	408	Toys "R" Us	1,976	16.1
352	352	National Distillers	1,965	1.5
353	355	White Consolidated	1,946	2.1
354	464	Texas Air	1,944	41.7
355	380	Tribune	1,938	8.0
356	330	Texas Commerce	1,935	–6.4
357	362	Gt Northern Nekoosa	1,935	3.3
358	366	Carolina Power & Lt	1,935	4.3
359	361	Schering-Plough	1,927	2.8
360	389	Libbey-Owens-Ford	1,922	9.5
361	399	United States Shoe	1,920	11.8
362	346	No Indiana Pub Svc	1,909	–4.6
363	338	Mapco	1,908	–6.1
364	367	Baker International	1,898	2.7
365	312	Paccar	1,893	–15.8
366	351	Morton Thiokol	1,888	–3.3
367	417	NCNB	1,884	14.6
368	407	Consol Freightways	1,882	10.4
369	374	Manville	1,880	3.6
370	406	Mercantile Stores	1,880	10.1
371	281	IU International	1,878	–25.3
372	365	Hammermill Paper	1,877	1.2
373	334	Primark	1,872	–8.3
374	390	Air Prods & Chems	1,870	6.6
375	347	Union Camp	1,866	–5.5
376	438	Food Lion	1,866	26.9
377	431	Gulf States Utilities	1,858	20.1
378	395	Pitney Bowes	1,832	5.8
379	396	Allegheny Power	1,831	6.3
380	■	SunTrust Banks	1,819	8.0
381	387	Holiday Corp	1,804	2.5
382	381	General Signal	1,801	0.8
383	433	PNC Financial	1,790	19.4
384	293	AMAX	1,789	–25.4
385	385	No States Power	1,789	0.7
386	356	First City Bancorp	1,784	–6.1
387	379	Emhart	1,775	–1.1
388	419	USAir Group	1,765	8.3
389	403	Waldbaum	1,764	3.0
390	386	Baltimore G&E	1,755	–0.4
391	418	Ohio Edison	1,755	7.2
392	358	Apple Computer	1,754	–7.6
393	371	Sterling Drug	1,754	–4.0
394	■	First Wachovia	1,753	6.5
395	332	Olin	1,751	–15.2
396	412	Black & Decker	1,751	4.4
397	376	Public Service Colo	1,747	–3.0
398	422	San Diego G&E	1,739	7.3
399	430	Republic Airlines	1,734	12.1
400	■	Castle & Cook	1,733	0.4
401	414	Knight-Ridder	1,730	3.9
402	457	PSFS	1,729	23.7
403	■	Bank of New England	1,710	5.2
404	383	Westvaco	1,709	–4.1
405	■	JP Stevens	1,706	–14.4
406	447	Beverly Enterprises	1,691	19.1
407	394	Corning Glass Works	1,691	–2.4
408	459	Provident Life & Acc	1,688	21.9
409	427	Armstrong World	1,679	7.0
410	401	Anderson, Clayton	1,666	–2.9
411	■	First Union	1,660	100.5
412	■	Subaru of America	1,654	37.7
413	472	Florida Progress	1,653	22.5
414	■	Triangle Industries	1,646	465.9
415	375	AMP	1,636	–9.8
416	388	Sea-Land	1,634	–7.1
417	441	George A Hormel	1,626	11.4
418	484	Waste Management	1,625	23.6
419	400	Zenith Electronics	1,624	–5.4
420	405	Peoples Energy	1,617	–5.3
421	370	Natl Semiconductor	1,606	–11.7
422	492	Dillard Dept Stores	1,601	25.4
423	426	Bank of New York	1,594	1.1
424	452	Union Electric	1,592	12.7
425	440	Roadway Services	1,580	8.1
426	363	Colt Industries	1,579	–15.5
427	470	Barnett Banks Fla	1,574	15.9
428	454	Rite Aid	1,543	10.0
429	439	Brunswick	1,539	4.8
430	424	Intl Minerals	1,535	–4.3
431	460	Yellow Freight	1,530	10.9
432	490	Piedmont Aviation	1,527	19.0
433	453	Parker-Hannifin	1,520	8.1
434	■	CBI Industries	1,516	57.9
435	461	NBD Bancorp	1,515	10.0
436	■	ICH	1,515	154.5
437	356	Tosco	1,513	–20.3
438	■	Ames Dept Stores	1,513	84.0
439	487	GlenFed	1,509	15.7
440	444	Monfort of Colorado	1,499	4.8
441	455	McGraw-Hill	1,491	6.4
442	465	Crown Cork & Seal	1,487	8.6
443	411	Wilson Foods	1,487	–11.8
444	217	Charter	1,485	–55.0
445	■	VF	1,481	26.9
446	462	Longs Drug Stores	1,481	7.6
447	423	Crown Central Pet	1,473	–8.5
448	434	Witco	1,449	–3.1
449	435	New England Electric	1,444	–2.8
450	443	Wisconsin Electric	1,441	0.4
451	488	Dover	1,440	11.7
452	473	Leaseway Transport	1,430	6.1
453	481	Thrifty Corp	1,426	8.0
454	468	NL Industries	1,423	4.6
455	456	Gould	1,420	1.5
456	448	Tektronix	1,420	0.0
457	476	Super Food Services	1,408	5.0
458	432	Brown Group	1,406	–8.5
459	372	Koppers	1,400	–22.9
460	449	Cincinnati G&E	1,397	–1.6
461	353	Cabot	1,395	–27.0
462	■	New York Times	1,394	13.4
463	■	Payless Cashways	1,388	18.2
464	495	Cyclops	1,386	9.0
465	404	Avnet	1,385	–19.1
466	■	Golden West Finl	1,378	30.6
467	■	Citizens & So Ga	1,376	65.4
468	■	Centex	1,376	13.0
469	■	Marsh & McLennan	1,368	24.2
470	420	Intel	1,365	–16.2
471	413	Pacific Resources	1,364	–18.4
472	477	Fort Howard Paper	1,363	1.8
473	■	Torchmark	1,362	20.8
474	489	Combined Intl	1,360	5.6
475	436	Kansas Power & Lt	1,354	–8.5
476	466	Square D	1,348	–1.3
477	■	Entex	1,341	–1.8
478	398	National Gypsum	1,340	–22.0
479	■	Saga	1,340	12.3
480	463	Centel	1,326	–3.6
481	483	Eastern Gas & Fuel	1,325	0.7
482	■	Nash Finch	1,323	7.1
483	■	Potomac Electric	1,316	9.9
484	■	Intl Multifoods	1,314	11.0
485	■	Perkin-Elmer	1,310	4.3
486	■	Western Air Lines	1,307	10.5
487	494	So New England Tel	1,304	2.4
488	■	National City	1,302	57.7
489	■	Carson Pirie Scott	1,302	10.6
490	■	Nordstrom	1,302	32.5
491	496	Polaroid	1,295	1.9
492	486	Bally Manufacturing	1,295	–1.1
493	■	Sundstrand	1,284	23.2
494	■	Student Loan	1,283	5.7
495	■	Adolph Coors	1,281	13.1
496	■	Harsco	1,261	14.5
497	■	Louisiana-Pacific	1,261	2.5
498	■	Hughes Tool	1,260	3.7
499	■	Cleveland Electric	1,254	3.2
500	498	Pittston	1,251	–1.1

■ Not on 500 list in 1984.

The Forbes Profits 500



The economy was steady, and interest rates were falling. Why, then, were corporate profits off in 1985?

YOU WOULD NEVER know it from the gross national product, up 5.7%, but 1985 was not a great year for profits. Collective net income of The Profits 500 was $133 billion, off 5% from 1984. A fourth of the top 500 reported lower profits. Why?

It was the year of the writeoff. Firms owned up to obsolete plants and the failure of some diversifications, especially into or out of natural resources. Resulting charges lowered the net income of some companies and knocked others off the list.

The restructure-and-writeoff parade included Diamond Shamrock ($810 million writedown in oil wells), Allied-Signal ($703 million charge for restructured operations) and Consumers Power ($350 million writedown on the Midland nuclear plant in Michigan).

There were other reasons for the decline. Oil, chemical and auto firms made money, but not as much as in 1984. Another factor was the retirement of equity, in share buybacks and mergers.

Net income figures include gains and losses from discontinued operations but exclude such extraordinary items as gains from the cumulative effect of a change in accounting. For companies with insurance operations, net income includes portfolio capital gains and losses. Cash flow is net income plus depreciation, depletion and amortization of intangible assets.

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %	Cash flow ($mil)	Cash flow rank 1985
1	1	IBM	6,555.0	–0.4	9,874	2
2	2	Exxon	4,869.8	–11.9	9,143	3
3	3	General Motors	3,999.0	–11.5	10,208	1
4	4	Ford Motor	2,515.4	–13.5	4,908	4
5	5	General Electric	2,336.0	2.5	3,562	9
6	6	Amoco	1,953.0	–10.5	4,012	8
7	9	Chrysler	1,635.2	9.3	2,112	19
8	12	American Tel & Tel	1,556.8	13.6	4,788	5
9	8	Chevron	1,547.4	0.9	4,463	6
10	15	BellSouth	1,417.8	12.8	3,220	11

Winners

The leaders in profit rebounds

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %
395	■	USLife	76.2	4,368.0
422	■	Allegheny Beverage	70.3	2,489.9
399	■	GenCorp	75.2	943.2
88	■	Aetna Life & Cas	371.7	492.8
167	■	FMC	196.6	417.2

■ Not on 500 list in 1984.

Losers

The laggards in profit growth

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %
480	46	Dow Chemical	58.0	–89.4
413	84	Motorola	72.0	–81.4
457	335	Continental Corp	61.3	–79.9
108	10	Standard Oil	308.0	–79.3
192	38	Tenneco	172.0	–72.8

The Forbes Profits 500

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %	Cash flow ($mil)	Cash flow rank 1985
11	13	Sears, Roebuck	1,303.3	–6.6	1,753	20
12	24	Philip Morris Cos	1,255.0	41.2	1,679	22
13	108	Texaco	1,233.0	302.9	4,276	7
14	11	EI du Pont	1,118.0	–21.9	2,914	12
15	19	Nynex	1,095.3	11.0	2,529	15
16	21	Bell Atlantic	1,092.9	12.3	2,577	14
17	18	American Info Tech	1,077.7	8.8	2,680	13
18	14	Mobil	1,040.0	–18.0	3,428	10
19	20	Pacific G&E	1,030.8	5.7	1,574	24
20	16	RJ Reynolds Inds	1,001.0	–15.5	1,450	27
21	23	Citicorp	998.0	12.1	1,347	29
22	26	Southwestern Bell	996.2	12.8	2,299	16
23	27	Commonwealth Ed	955.7	9.2	1,498	25
24	28	Pacific Telesis	929.1	12.1	2,167	18
25	25	US West	925.6	4.3	2,201	17
26	34	Southern Company	829.6	15.3	1,436	28
27	42	American Express	810.0	33.7	810	58
28	33	Southern Calif Edison	774.1	5.7	1,229	33
29	39	Coca-Cola	722.3	14.9	918	46
30	36	American Home Prods	717.1	5.1	814	55
31	49	JP Morgan	705.4	31.2	758	61
32	31	Procter & Gamble	690.0	–9.6	1,097	39
33	32	Minn Mining & Mfg	664.0	–9.4	1,108	38
34	41	Burlington Northern	658.3	8.3	1,134	37
35	53	Johnson & Johnson	613.7	19.3	864	51
36	50	Westinghouse	605.3	13.0	1,054	41
37	123	Loews	589.0	100.6	649	82
38	51	Texas Utilities	587.8	11.7	819	54
39	47	Rockwell Intl	580.6	6.5	1,081	40
40	54	Pfizer	579.7	14.1	709	69
41	30	Boeing	566.0	–28.1	952	45
42	79	Chase Manhattan	564.8	39.2	703	70
43	40	Consolidated Edison	563.7	–9.1	883	49
44	170	Phibro-Salomon	557.0	162.7	582	96
45	127	Teledyne	546.4	6.8	658	77
46	63	Public Service E&G	544.6	11.1	874	50
47	168	PepsiCo	543.7	155.9	835	53
48	58	Merck	539.9	9.5	722	64
49	68	Bristol-Myers	531.4	12.5	618	88
50	48	Sun Company	527.0	–2.1	1,220	35
51	59	Philadelphia Electric	525.3	6.7	710	68
52	74	Long Island Lighting	524.3	22.6	591	92
53	62	Eli Lilly	517.6	5.6	654	81
54	55	SmithKline Beckman	514.4	2.8	648	83
55	112	American General	506.4	52.1	530	109
56	57	Union Pacific	501.2	1.5	1,047	42
57	67	Norfolk Southern	500.2	3.7	754	63
58	65	American Electric	485.0	–0.6	899	48
59	45	Hewlett-Packard	482.0	–14.5	792	59
60	139	Xerox	475.3	63.6	1,324	32
61	60	Santa Fe Southern	469.6	–4.3	1,039	43
62	71	Dart & Kraft	466.1	2.3	658	79
63	80	Abbott Laboratories	465.3	15.6	621	87
64	86	Houston Industries	464.4	26.8	718	65
65	43	Occidental Petroleum	455.0	–20.0	1,335	30
66	82	Anheuser-Busch Cos	443.7	13.3	680	72
67	70	Duke Power	437.6	–5.1	900	47
68	81	Detroit Edison	437.5	8.9	656	80
69	447	Berkshire Hathaway	435.8	192.7	436	131
70	83	McDonald's	433.0	11.3	667	75
71	78	American Brands	420.9	3.3	531	108
72	111	American Intl Group	420.5	46.7	463	124
73	29	Phillips Petroleum	418.0	–48.4	1,462	26
74	77	Goodyear	412.4	0.3	713	66
75	88	Niagara Mohawk Power	411.4	14.4	588	93
76	89	Manufacturers Hanover	407.5	15.6	550	106
77	87	Emerson Electric	402.1	11.4	553	104
78	93	Lockheed	401.0	16.5	595	91
79	60	Middle South Utils	401.0	–18.3	666	76
80	66	Digital Equipment	400.6	–17.7	755	62
81	73	JC Penney	397.2	–8.7	609	89
82	75	Beatrice	395.0	–4.6	849	52
83	96	Chemical New York	390.2	14.5	480	122
84	85	General Dynamics	383.3	0.4	606	90
85	146	Raytheon	375.9	54.5	586	95
86	134	Travelers	375.2	31.1	442	129
87	109	FPL Group	372.3	23.0	775	60
88	■	Aetna Life & Cas	371.7	492.8	406	148
89	107	Bankers Trust NY	371.2	21.0	419	138
90	97	Ohio Edison	370.7	9.2	545	107
91	130	RCA	369.1	39.1	629	85
92	143	Ralston Purina	347.9	42.2	494	120
93	154	AMR	345.8	47.9	682	71
94	101	McDonnell Douglas	345.7	6.3	658	78
95	104	Central & South West	339.8	7.1	574	99
96	102	Union Electric	337.2	4.0	561	103
97	22	Eastman Kodak	332.0	–64.0	1,163	36
98	115	Carolina Power & Lt	331.4	12.7	573	100
99	125	Wal-Mart Stores	327.5	20.9	417	139
100	35	Unocal	325.0	–53.6	1,228	34
101	119	Security Pacific	322.8	10.9	414	141
102	116	Dominion Resources	319.8	9.0	677	73
103	94	NCR	315.2	–8.0	566	101
104	122	First Interstate	313.1	13.3	415	140
105	75	United States Steel	313.0	–24.4	1,607	23
106	37	United Technologies	312.7	–51.5	711	67
107	118	Cleveland Electric	310.7	6.6	408	145
108	10	Standard Oil	308.0	–79.3	1,694	21
109	110	PPG Industries	302.7	0.0	522	111
110	52	Dun & Bradstreet	294.7	–43.5	413	142
111	91	ITT	293.5	–31.0	810	57
112	103	Pennsylvania P&L	290.6	–8.9	510	117
113	120	Northeast Utilities	288.5	–0.1	423	136
114	132	HJ Heinz	288.0	10.6	373	159
115	100	Federated Dept Stores	286.6	–13.0	515	114
116	113	Hospital Corp	283.7	–4.4	524	110
117	133	Dayton-Hudson	283.6	9.4	456	125
118	148	Honeywell	281.6	17.8	626	86
119	139	Kellogg	281.1	12.2	357	165
120	124	AZP Group	279.5	3.1	379	154

■ Not on 500 list in 1984.

The Forbes Profits 500

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %	Cash flow ($mil)	Cash flow rank 1985
121	161	Kimberly-Clark	267.1	22.8	407	147
122	136	Gulf States Utilities	265.5	2.8	378	155
123	158	Gannett	253.3	13.1	357	164
124	■	Martin Marietta	249.4	D–P	381	153
125	144	PacifiCorp	248.5	1.6	504	118
126	117	Litton Industries	248.2	–14.9	410	144
127	142	Burroughs	248.2	1.3	587	94
128	145	Baltimore G&E	247.3	1.4	428	132
129	150	Illinois Power	240.0	1.9	320	184
130	181	Continental Telecom	239.9	22.4	578	98
131	155	Times Mirror	237.1	1.9	412	143
132	167	Gulf & Western Inds	236.0	10.5	274	210
133	165	May Dept Stores	235.4	9.9	362	162
134	198	Safeway Stores	231.3	25.0	565	102
135	138	Eaton	230.9	–9.2	327	179
136	178	Squibb	226.6	14.9	266	217
137	354	Merrill Lynch	224.3	135.3	385	152
138	196	USG	223.8	19.9	303	195
139	307	Textron	223.6	97.0	323	181
140	56	K mart	221.2	–55.7	581	97
141	■	HF Ahmanson	220.8	358.1	281	207
142	175	Humana	217.7	9.3	372	160
143	304	Transworld	217.5	89.2	294	198
144	176	Sara Lee	216.4	8.8	351	167
145	214	Northrop	214.4	28.5	408	146
146	222	Lincoln National	214.3	51.0	238	243
147	220	Southland	212.5	32.6	400	149
148	185	Campbell Soup	212.4	8.9	338	173
149	172	Consol Natural Gas	212.4	1.7	466	123
150	153	Household International	210.9	–9.9	511	116
151	191	Melville	210.8	10.7	274	211
152	171	NY State E&G	208.4	–1.4	307	191
153	166	RH Macy	205.8	–3.8	309	188
154	113	InterNorth	203.9	–31.3	632	84
155	152	Tandy	203.9	–13.2	259	218
156	207	Upjohn	203.0	17.1	273	213
157	199	San Diego G&E	202.7	10.5	335	175
158	363	Gt Western Financial	201.7	114.8	232	247
159	224	Mellon Bank	201.7	27.3	247	233
160	297	Morton Thiokol	201.7	71.0	269	216
161	195	Scott Paper	201.1	7.5	374	158
162	252	Archer-Daniels	200.9	46.2	328	177
163	157	Weyerhaeuser	200.1	–11.5	550	105
164	162	Time Inc	199.8	–7.7	338	172
165	■	Caterpillar Tractor	198.0	D–P	674	74
166	187	No States Power	197.7	2.9	422	137
167	■	FMC	196.6	417.2	358	163
168	■	Warner Communications	195.3	D–P	219	258
169	188	Borden	193.8	1.3	316	186
170	204	Schering-Plough	192.6	8.7	257	220
171	326	CoreStates Financial	192.0	83.7	210	267
172	211	Wells Fargo	190.0	12.2	255	224
173	239	PNC Financial	187.8	31.1	210	268
174	■	First Wachovia	187.7	20.0	219	259
175	221	Farmers Group	184.6	14.3	206	272
176	190	Pillsbury	184.5	–1.8	327	178
177	213	Potomac Electric	183.6	9.2	290	201
178	192	Whirlpool	182.3	–3.9	269	215
179	256	Combined Intl	182.0	35.6	229	248
180	227	Kroger	180.8	15.4	390	151
181	173	Borg-Warner	178.5	–13.4	286	204
182	205	Allegheny Power	178.4	1.2	303	194
183	219	Celanese	178.0	10.6	424	135
184	294	Georgia-Pacific	177.0	48.7	487	121
184	241	FW Woolworth	177.0	25.5	288	202
186	■	Walt Disney	176.0	292.0	309	187
187	226	Duquesne Light	176.0	12.2	286	203
188	225	Portland General	175.9	11.1	285	205
189	216	Bank of Boston	173.8	5.9	207	271
190	408	First Union	173.6	117.0	205	273
191	230	Toledo Edison	173.5	13.0	218	261
192	38	Tenneco	172.0	–72.8	1,326	31
193	240	Waste Management	171.6	20.4	323	180
194	338	Geico	170.6	29.9	179	300
195	346	Safeco	170.4	59.6	170	308
196	391	First Chicago	169.0	95.6	244	235
197	■	Ashland Oil	168.9	D–P	375	157
198	272	Cincinnati G&E	168.5	30.5	249	229
199	126	Mesa Petroleum	167.5	–38.0	304	193
200	217	Wisconsin Electric	167.5	3.1	294	197
201	246	Marriott	167.4	19.7	279	208
202	272	Torchmark	167.4	80.6	167	312
203	■	SunTrust Banks	166.8	9.3	223	253
204	266	First Bank System	166.8	27.2	193	284
205	189	Dana	165.1	–13.7	258	219
206	293	NCNB	164.5	38.0	196	282
207	299	Masco	164.5	41.9	199	280
208	232	New England Electric	164.1	8.2	331	176
209	262	Quaker Oats	163.4	22.9	242	236
210	■	Champion Intl	163.1	D–P	426	133
211	■	Marsh & McLennan	162.9	177.5	202	277
212	282	IC Industries	162.8	32.6	321	182
213	300	Florida Progress	160.9	38.9	320	183
214	402	Golden West Finl	160.0	97.8	182	292
215	223	Gillette	159.9	0.4	247	234
216	243	Allied Stores	159.3	13.2	252	227
217	260	Fort Howard Paper	157.0	18.0	240	241
218	135	Delta Air Lines	156.8	–39.4	515	113
219	255	Owens-Illinois	156.1	15.0	337	174
220	302	Utah Power & Light	156.0	35.1	253	226
221	249	Pacific Lighting	156.0	12.5	347	168
222	233	Kansas City P&L	155.1	2.5	225	251
223	227	Public Service NH	154.7	–1.2	180	297
224	197	American Stores	154.5	–16.7	346	169
225	258	National Medical	150.7	12.6	273	212
226	250	Pitney Bowes	150.4	8.8	254	225
227	357	MCA	150.0	58.0	811	56
228	237	American Medical	149.9	4.5	301	196
229	301	American Can	149.1	25.4	213	264
230	258	RR Donnelley	148.4	10.8	252	228

■ Not on 500 list in 1984 D-P: deficit to profit

The Forbes Profits 500

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %	Cash flow ($mil)	Cash flow rank 1985
231	385	American Natl Ins	147.8	–10.7	148	346
232	236	McGraw-Hill	147.4	2.2	191	286
233	183	WR Grace	146.9	–24.9	456	126
234	263	Public Service NM	146.3	10.2	209	269
235	212	Transamerica	145.8	–15.0	256	222
236	248	Air Prods & Chems	145.7	5.1	352	166
237	366	Limited	145.3	57.1	225	250
238	292	Capital Holding	142.8	32.3	160	322
239	336	Coastal Corp	142.4	40.0	426	134
240	257	Capital Cities/ABC	142.2	5.2	200	279
241	■	ICH	142.1	196.5	157	326
242	186	CPC International	142.0	–26.6	291	199
243	267	Holiday Corp	141.3	7.9	285	206
244	208	Rohm & Haas	141.2	–18.0	242	237
245	253	RepublicBank	140.2	2.1	180	298
246	229	MidCon	139.9	–10.1	364	161
247	■	MCI Communications	139.6	135.8	497	119
248	278	VF	139.4	11.8	189	287
249	272	Dow Jones	138.6	7.4	192	285
250	264	Colt Industries	138.0	4.4	170	310
251	■	Baxter Travenol Labs	137.0	370.8	271	214
252	465	Kerr-McGee	136.5	110.0	518	112
253	438	General Re	135.8	85.8	137	364
254	321	Cooper Industries	135.1	26.4	241	239
255	464	CalFed	134.7	106.3	178	301
256	■	Continental Illinois	134.0	D–P	181	294
257	178	Hercules	133.2	–32.5	249	230
258	242	Knight-Ridder	132.7	–5.7	202	278
259	319	MCorp	132.4	22.9	163	320
260	306	Owens-Corning	131.2	15.2	256	221
261	■	Bank of New England	131.2	29.8	159	324
262	288	International Paper	131.0	9.1	398	150
263	318	Banc One	130.4	20.7	153	331
264	411	First Boston	130.3	63.7	142	356
265	320	Bank of New York	130.3	21.2	153	333
266	163	American Cyanamid	129.1	–40.2	309	189
267	281	Centel	128.7	4.3	309	190
268	332	Barnett Banks Fla	128.3	24.0	172	307
269	203	Jefferson-Pilot	128.1	–28.9	131	377
270	193	General Mills	126.3	–18.8	237	244
271	290	Genuine Parts	126.2	5.5	144	355
272	356	Puget Sound P&L	125.9	32.4	204	276
273	254	Ryder System	125.3	–7.8	450	127
274	375	Marine Midland Banks	125.1	38.4	153	332
275	215	Panhandle Eastern	125.0	–24.9	340	171
276	347	Provident Life & Acc	125.0	27.6	141	358
277	436	Citizens & So Ga	124.6	72.1	156	327
278	429	Federal Express	124.1	64.8	319	185
279	333	Tribune	123.8	20.2	221	256
280	456	First Executive	123.5	62.7	123	394
281	344	Student Loan	123.3	24.2	126	390
282	■	Columbia S&L	122.3	186.2	128	382
283	352	Republic New York	122.1	26.5	133	373
284	295	Allied Bancshares	122.0	2.7	137	362
285	■	Montana Power	121.6	136.9	172	305
286	283	Greyhound	120.1	–4.0	181	293
287	279	So New England Tel	119.9	–3.8	306	192
288	312	Toys "R" Us	119.8	7.5	146	349
289	287	Associated Dry Goods	119.7	–0.8	207	270
290	395	Public Service Ind	118.2	38.2	204	275
291	359	NBD Bancorp	118.0	24.9	139	361
292	251	Transco Energy	117.8	–14.7	439	130
293	280	Ethyl	117.1	–7.2	199	281
294	286	USAir Group	117.1	–3.7	194	283
295	340	New York Times	116.3	16.1	175	302
296	325	Jim Walter	116.3	10.5	212	265
297	368	Browning-Ferris Inds	116.2	26.0	241	238
298	348	Irving Bank	116.0	18.2	152	334
299	393	Washington Post	114.3	33.0	155	328
300	■	CrossLand Savings	114.0	112.6	152	337
301	■	Bear Stearns Cos	113.9	NA	123	396
302	285	Scana	113.6	–6.8	223	255
303	269	Pennzoil	113.2	–13.3	449	128
304	317	El Paso Electric	113.1	4.4	128	383
305	311	Southwestern Pub Svc	112.7	1.0	166	313
306	314	Hershey Foods	112.2	3.2	165	317
307	361	Freeport-McMoRan	111.5	18.3	240	240
308	210	Penn Central	110.8	–34.8	239	242
309	235	Public Service Colo	110.7	–23.8	225	252
310	271	Tucson Electric	110.4	9.5	152	335
311	238	Sterling Drug	109.7	–23.5	144	354
312	441	Colgate-Palmolive	109.4	52.9	180	296
313	308	Oklahoma G&E	108.6	–4.2	187	288
314	329	Rochester G&E	108.5	4.7	173	304
315	461	National City	108.4	64.6	131	376
316	174	AMP	108.0	–46.4	204	274
317	313	Winn-Dixie Stores	107.8	–3.0	275	209
318	141	Alleghany	107.7	–56.3	115	414
319	380	Corning Glass Works	107.6	21.0	234	245
319	449	Norwest	107.6	54.8	165	316
321	244	No Indiana Pub Svc	107.1	–23.8	247	232
322	404	Consolidated Papers	106.9	32.6	135	367
323	■	Navistar Intl	105.4	D–P	148	345
324	448	Boise Cascade	104.3	49.8	290	200
325	387	Deluxe Check	104.2	18.7	130	381
326	276	Mapco	104.1	–17.2	170	309
327	397	Mercantile Stores	102.4	20.9	146	351
328	261	Westvaco	102.2	–23.2	228	249
329	344	James River Corp Va	102.0	2.7	168	311
330	392	Beneficial Corp	101.2	9.6	117	406
331	368	Armstrong World	100.9	9.4	164	318
332	361	Brunswick	100.3	6.5	150	341
333	305	Hilton Hotels	100.2	–12.1	146	347
334	337	Dover	100.0	–0.5	153	330
335	384	United Illuminating	99.6	12.8	133	370
336	435	Pioneer Hi-Bred Intl	99.5	37.3	128	385
337	■	Hasbro	99.0	89.1	128	384
338	349	TECO Energy	98.7	1.1	181	295
339	443	ConAgra	98.3	37.7	148	344
340	284	Kansas Gas & Elec	97.7	–19.8	148	343

■ Not on 500 list in 1984 D-P deficit to profit NA Not available

The Forbes Profits 500

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %	Cash flow ($mil)	Cash flow rank 1985
341	■	Southmark	97.4	25.2	116	409
342	370	Delmarva Power & Lt	96.6	4.9	164	319
343	275	General Public Utils	96.5	–24.9	376	156
344	383	Walgreen	95.8	8.2	132	374
345	412	Automatic Data	95.5	20.3	215	262
346	202	Union Camp	95.1	–47.6	247	231
347	406	Zayre	94.6	17.8	140	359
348	381	Boston Edison	94.2	6.1	233	246
349	■	St Paul Cos	94.2	D–P	106	433
350	323	Super Valu Stores	94.0	–11.7	115	411
351	400	First Fidelity Bncp	93.8	15.1	108	425
352	377	Kansas Power & Light	93.8	4.4	155	329
353	399	US Tobacco	93.5	11.7	108	426
354	247	Mead	93.5	–32.9	223	254
355	■	Kemper	93.3	115.2	93	452
356	422	Norstar Bancorp	93.0	20.3	119	402
357	407	Sovran Financial	92.6	15.4	118	405
358	409	Clorox	91.1	14.0	116	408
359	463	Becton Dickinson	91.1	38.6	149	342
360	303	General Cinema	91.0	–21.1	132	375
361	465	Midlantic Banks	90.6	39.4	105	434
362	■	Fremont General	90.6	389.3	93	453
363	■	Florida Natl Banks	88.6	108.1	104	435
364	455	Johnson Controls	88.4	31.4	162	321
365	367	Lear Siegler	88.2	–4.6	146	348
366	322	National Gypsum	87.6	–17.9	118	403
367	324	Square D	87.2	–17.9	133	371
368	358	Lucky Stores	86.5	–8.6	186	289
369	425	Baker International	86.3	13.2	220	257
370	410	Albertson's	85.1	6.7	145	353
371	334	Temple-Inland	85.1	–17.2	152	336
372	341	Idaho Power	84.8	–15.2	130	380
373	457	Alexander & Baldwin	83.6	25.5	120	400
374	476	Subaru of America	83.3	32.0	88	461
375	414	Brown-Forman	82.8	4.6	108	428
376	■	Singer	82.3	63.6	150	340
377	465	Fleet Financial	82.2	26.5	109	424
378	291	Chesebrough-Pond's	82.2	–31.2	210	266
379	430	Peoples Energy	81.7	8.7	126	388
380	269	North Amer Philips	81.5	–37.5	180	299
381	316	Grumman	81.5	–24.8	142	357
382	385	Interco	81.4	–7.5	127	387
383	461	Washington Water	81.4	23.5	114	416
384	375	Emhart	80.5	–11.0	137	363
385	446	AmeriTrust	80.4	14.2	91	455
386	■	Hartford National	80.4	37.1	96	446
387	394	Parker-Hannifin	80.1	–6.7	128	386
388	353	Murphy Oil	79.7	–17.1	345	170
389	■	Ingersoll-Rand	79.6	35.1	151	338
390	413	Perkin-Elmer	79.5	0.4	126	389
391	432	Consol Freightways	79.3	6.4	165	314
392	436	Stanley Works	78.3	8.1	115	413
393	■	National Distillers	77.2	51.7	159	323
394	494	Valley National	77.0	27.4	98	443
395	■	USLife	76.2	4,368.0	86	466
396	452	Wendy's Intl	76.2	10.9	125	392
397	341	Roadway Services	75.9	–24.1	158	325
398	■	Cray Research	75.6	66.5	116	407
399	■	GenCorp	75.2	943.2	213	263
400	441	American Greetings	75.0	4.7	96	445
401	465	Sherwin-Williams	74.6	14.8	104	437
402	445	Libbey-Owens-Ford	74.6	5.7	131	378
403	459	Sundstrand	74.4	12.1	146	350
404	427	Central Ill Pub Svc	74.3	–2.4	136	365
405	425	Nalco Chemical	73.3	–3.8	108	429
406	389	NWA	73.1	–15.9	256	223
407	472	McKesson	73.1	14.4	124	393
408	■	Maryland National	73.0	49.0	90	457
409	277	Paccar	72.9	–41.8	94	448
410	489	Home Federal S&L	72.8	19.3	86	465
411	414	Kidde	72.2	–8.7	120	398
412	327	Apple Computer	72.0	–31.0	119	401
413	84	Motorola	72.0	–81.4	513	115
414	476	Maytag	71.8	13.9	87	463
415	451	WW Grainger	71.8	4.2	89	460
416	500	Crown Cork & Seal	71.7	20.5	115	410
417	419	Vulcan Materials	71.3	–9.1	140	360
418	■	Bank of Virginia	71.1	91.6	85	468
419	434	Ipalco Enterprises	70.9	–3.7	123	397
420	■	Chubb	70.5	12.0	81	476
421	396	Fruehauf	70.5	–17.2	165	315
422	■	Allegheny Beverage	70.3	2,489.9	110	421
423	265	Tektronix	70.2	–46.7	151	339
424	480	Alltel	70.1	12.1	174	303
425	478	National Service	69.8	10.9	94	451
426	450	Intl Flavors & Frags	69.7	0.7	84	471
427	416	Louisville G&E	69.5	–12.1	112	420
428	■	Minnesota Power	69.4	17.1	107	432
429	■	Republic Airlines	69.2	405.3	146	352
430	■	KeyCorp	68.4	34.7	85	470
431	359	Intl Minerals & Chem	68.0	–28.1	186	290
432	478	Intergraph	67.8	7.8	80	478
433	■	United Virginia Bkshs	67.6	18.0	85	469
434	439	Bowater	67.5	–6.4	115	412
435	■	Telex	67.1	40.9	102	440
436	■	Dillard Dept Stores	66.9	35.0	107	431
437	■	Bausch & Lomb	66.8	33.0	86	464
438	■	Piedmont Aviation	66.7	14.6	172	306
439	496	US Bancorp	66.2	10.2	80	477
440	■	Petrie Stores	66.0	37.3	104	436
441	453	Kentucky Utilities	65.6	–4.0	112	418
442	485	Rainier Bancorp	65.2	6.2	78	481
443	471	Southeast Banking	64.9	1.3	98	444
444	487	Collins & Aikman	64.9	6.2	91	456
445	■	United States Shoe	64.9	21.4	99	442
446	■	Comdisco	64.6	77.6	83	473
447	■	Coleco Industries	64.2	D–P	76	482
448	403	Rite Aid	63.9	–20.8	94	449
449	■	Old Republic Intl	63.9	12.1	64	494
450	■	Supermarkets General	63.7	21.5	133	369

■ Not on 500 list in 1984 D-P deficit to profit

The Forbes Profits 500

Rank 1985	Rank 1984	Company	Net profits ($mil)	Change over 1984 %	Cash flow ($mil)	Cash flow rank 1985
451	482	CityFed Financial	62.9	1.4	76	484
452	■	Leaseway Transport	62.5	104.8	218	260
453	■	Tambrands	62.2	10.0	70	490
454	482	Questar	61.7	–0.5	118	404
455	■	GlenFed	61.5	33.6	102	439
456	■	AH Robins	61.4	D–P	78	480
457	335	Continental Corp	61.3	–79.9	100	441
458	297	InterFirst	61.1	–48.2	112	419
459	■	Wisconsin P&L	60.7	4.1	130	379
460	373	Harris Corp	60.7	–33.1	183	291
461	■	Liz Claiborne	60.6	44.5	64	495
462	475	Atlantic City Electric	60.5	–4.4	103	438
463	■	Harsco	60.5	27.1	110	422
464	■	Society	60.3	38.3	74	487
465	460	Willamette Inds	60.2	–9.0	125	391
466	454	Lubrizol	60.2	–11.1	109	423
467	■	Weis Markets	60.1	8.8	76	483
468	■	Fleming Cos	60.1	21.1	94	447
469	444	Tecumseh Products	60.1	–15.1	86	467
470	■	Beverly Enterprises	59.8	27.3	133	372
471	499	Snap-on Tools	59.7	0.2	73	488
472	485	Lowe's Cos	59.7	–2.8	81	475
473	■	Brooklyn Union Gas	59.7	6.3	92	454
474	473	Arkla	59.7	–6.5	120	399
475	■	Central Hudson G&E	59.7	16.7	84	472
476	491	Iowa-Illinois G&E	59.3	–2.2	115	415
477	■	Boatmen's Bancshares	59.2	91.5	79	479
478	■	Nucor	58.5	31.3	90	458
479	■	Mattel	58.1	29.7	67	492
480	46	Dow Chemical	58.0	–89.4	1,035	44
481	498	Prime Computer	57.8	–3.2	107	430
482	■	Meridian Bancorp	57.6	39.3	68	491
483	■	Ex-Cell-O	57.6	1.3	89	459
484	■	Wisconsin Public Svc	57.4	2.0	123	395
485	■	Shawmut	57.3	31.4	75	485
486	■	Rubbermaid	57.1	21.9	87	462
487	■	Giant Food	57.0	26.1	94	450
488	480	Witco	56.8	–9.3	108	427
489	329	Dayton Power & Lt	56.5	–45.5	113	417
490	■	Monarch Capital	56.3	102.3	56	500
491	■	Great A&P Tea	56.1	10.5	134	368
492	■	EG&G	55.7	4.1	71	489
493	■	Dreyfus	55.6	44.0	57	499
494	■	Yellow Freight System	55.5	25.9	136	366
495	■	State Street Boston	55.3	12.8	63	496
496	■	First Federal Mich	55.1	101.6	64	493
497	■	Cincinnati Financial	55.0	5.5	60	498
498	433	Equitable Resources	55.0	–25.9	75	486
499	■	Sysco	54.8	13.4	82	474
500	■	American Family	54.6	23.6	60	497

■ Not on 500 list in 1984. D-P: deficit to profit

Get Street Smart every week with Louis Rukeyser.

Louis Rukeyser translates the complexities of money, the economy and Wall Street into straight talk. With warmth, wit and wisdom. On "Wall Street Week with Louis Rukeyser". Public television's highest rated public affairs program. Now celebrating its 15th anniversary. Watch every Friday evening and get street smart.

Wall Street Smart.

Check your local Public Television listing for time and channel.

Underwritten nationally by: **HILTON HOTELS CORPORATION**
PRUDENTIAL-BACHE SECURITIES
SPERRY CORPORATION

WALL STREET WEEK WITH LOUIS RUKEYSER

A national program service of Maryland Public Television. MPT

The Forbes Assets 500

When the dust settled on last year's mergers and divestitures, the combined assets of this 500 list changed little.

CHICAGO-BASED merger consultant W.T. Grimm & Co. counts $180 billion of deals for 1985, up 47% from the record set in 1984. With all these takeovers, why hasn't there been much growth in total assets of the largest companies? Because divestitures are almost as much in style as takeovers. In last year's 3,001 deals for which Grimm was able to get information, there were 1,218 divestitures, up 37% from the year before. Managers, it seems, have gotten wise to the fact that it's not the company with the most assets in the end that wins. It's the company that makes the most efficient use of capital.

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
1	1	**Citicorp**	173,597	15.3
2	2	**BankAmerica**	118,541	0.7
3	3	**Fedl Natl Mortgage**	99,087	12.1
4	9	**Phibro-Salomon**	88,601	51.8
5	4	**Chase Manhattan**	87,685	0.9

Assets of the 500 companies on this list total $5.1 trillion, up from the $4.6 trillion reported last year. That, after inflation, is roughly a 6% growth. Much of the growth, moreover, came in the form of paper assets at financial institutions, not physical assets. Antitrusters would have a hard time proving that the big are getting bigger at the expense of the rest of the economy.

Among the asset-acquirers: Philip Morris, applying its cash hoard outside of tobacco, a business with limited growth opportunities, purchased General Foods. That raised Philip Morris' assets and left a hole on the 500 list for another large company to move into. But at the same time plenty of big companies, especially oil companies, were shrinking. Amoco and Atlantic Richfield responded to the realities of lower energy prices. For Phillips Petroleum it was part of an antitakeover defense strategy. Occidental Petroleum's housecleaning in 1985 (5.6% reduction in assets) helped to make room for the planned acquisition of pipeliner MidCon.

Beatrice slimmed down 18% from its 1984 acquisition of Esmark. Next year it will probably vanish. It is going private in a $6.25 billion deal with Kohlberg Kravis Roberts.

Number 500 on this list is Life Investors, with assets of $2.3 billion, a 10% increase from last year's cutoff of $2.1 billion.

Winners

The winners in asset growth

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
321	■	**Revlon Group**	3,762	748.3
120	486	**Textron**	10,348	368.2
184	■	**Baxter Travenol Labs**	6,839	241.8
152	340	**Coastal Corp**	8,294	151.7
78	148	**First Union**	16,567	126.3

■ Not on 500 list in 1984.

Losers

The laggards in asset growth

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
430	232	**Public Service Ind**	2,721	–44.0
435	295	**Fluor**	2,679	–28.6
432	304	**American S&L Fla**	2,694	–26.2
492	374	**Warner-Lambert**	2,358	–18.7
188	134	**RCA**	6,702	–18.5

The Forbes Assets 500

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
6	5	Mfrs Hanover	76,526	1.1
7	8	American Express	74,777	20.9
8	6	JP Morgan	69,375	8.2
9	7	Exxon	69,160	9.3
10	10	Sears, Roebuck	66,417	16.4
11	12	General Motors	63,643	22.4
12	13	Aetna Life & Cas	58,294	14.2
13	11	Chemical New York	56,990	9.1
14	14	Security Pacific	53,503	16.0
15	17	IBM	52,634	23.0
16	16	Bankers Trust NY	50,581	11.9
17	15	First Interstate	48,991	7.6
18	26	Merrill Lynch	48,117	56.0
19	34	First Boston	45,531	80.0
20	21	Cigna	44,736	14.6
21	18	Mobil	41,752	-0.2
22	23	Travelers	41,642	14.3
23	20	American Tel & Tel	40,463	1.6
24	24	Chevron	38,899	7.0
25	19	First Chicago	38,893	-2.4
26	25	ITT	37,849	20.8
27	22	Texaco	37,703	-0.1
28	27	Mellon Bank	33,406	9.2
29	30	Ford Motor	31,366	14.3
30	28	Continental Illinois	30,528	0.4
31	29	Wells Fargo	29,429	4.4
32	44	Bank of Boston	28,296	28.2
33	31	Finl Corp of America	27,375	3.2
34	36	HF Ahmanson	27,229	12.0
35	■	Bear Stearns Cos	26,988	28.7
36	32	GTE	26,558	0.7
37	35	General Electric	26,432	6.9
38	41	First Bank System	25,484	13.6
39	40	Gt Western Financial	25,471	8.1
40	33	Amoco	25,198	-2.1
41	37	El du Pont	25,140	4.3
42	39	BellSouth	25,008	5.6
43	45	Marine Midland	23,386	6.0
44	47	RepublicBank	23,206	7.5
45	50	MCorp	22,586	9.1
46	46	InterFirst	22,071	2.1
47	57	EF Hutton Group	21,749	19.8
48	54	Irving Bank	21,651	14.1
49	48	Norwest	21,419	0.3
50	52	American General	20,668	7.7
51	51	Nynex	20,600	3.8
52	56	Tenneco	20,437	12.3
53	43	Atlantic Richfield	20,279	-8.4
54	49	Texas Commerce	20,076	-3.2
55	55	Bell Atlantic	19,788	5.9
56	69	NCNB	19,754	26.0
57	58	Pacific Telesis	19,538	8.1
58	■	SunTrust Banks	19,406	22.9
59	59	Southwestern Bell	19,291	6.9
60	63	Pacific G&E	19,098	10.2
61	60	CalFed	19,005	7.4
62	72	PNC Financial	18,778	26.3
63	71	Bank of New York	18,486	22.0
64	67	Southern Company	18,467	10.2
65	53	United States Steel	18,446	-2.9
66	62	Standard Oil	18,330	4.8
67	61	American Info Tech	18,149	2.9
68	68	Commonwealth Ed	18,114	11.1
69	65	US West	17,975	5.6
70	■	Bank of New England	17,804	-9.5
71	■	First Wachovia	17,707	12.7
72	117	Philip Morris Cos	17,429	86.6
73	70	Xerox	17,163	11.4
74	74	PSFS	17,153	25.0
75	119	RJ Reynolds Inds	16,930	82.6
76	64	First City Bancorp	16,819	-2.9
77	73	NBD Bancorp	16,676	17.2
78	148	First Union	16,567	126.3
79	84	Paine Webber Group	16,470	34.0
80	78	Loews	16,120	28.4
81	89	American Intl Group	15,571	33.9
82	82	Republic New York	15,324	23.8
83	81	Barnett Banks Fla	14,829	18.6
84	86	GlenFed	14,751	26.5
85	90	Student Loan	14,450	24.4
86	66	Phillips Petroleum	14,045	-17.2
87	80	Transamerica	13,751	10.0
88	79	Middle South Utils	13,656	8.8
89	75	American Electric	13,621	0.5
90	139	Citizens & So Ga	13,591	69.2
91	77	Lincoln National	13,550	7.5
92	135	Allied-Signal	13,271	62.1
93	76	Sun Company	12,923	1.0
94	102	Procter & Gamble	12,745	26.8
95	95	First Fidelity Bncp	12,620	18.2
96	93	Southern Calif Edison	12,593	10.9
97	124	Chrysler	12,582	38.8
98	91	Burlington Northern	12,512	9.5
99	83	National City	12,505	1.1
100	94	Eastman Kodak	12,135	12.7
101	96	Golden West Finl	12,130	14.2
102	103	Household Intl	11,929	18.8
103	92	Dow Chemical	11,830	3.6
104	87	Santa Fe Southern	11,808	1.4
105	85	Occidental Petroleum	11,586	-5.6
106	99	Gulf & Western Inds	11,519	11.8
107	106	Continental Corp	11,495	16.7
108	88	CSX	11,494	-1.2
109	107	CoreStates Financial	11,080	12.5
110	105	Southeast Banking	11,052	12.0
111	108	Texas Utilities	10,867	11.4
112	123	Banc One	10,823	18.9
113	100	Unocal	10,797	5.8
114	98	Union Pacific	10,710	3.1
115	97	Union Carbide	10,581	0.6
116	104	United Technologies	10,528	6.3
117	136	JC Penney	10,522	9.2
118	109	Public Service E&G	10,487	8.6
119	151	Midlantic Banks	10,355	44.3
120	486	Textron	10,348	368.2
121	111	Allied Bancshares	10,246	6.4
122	115	First Federal Mich	10,196	7.3
123	114	Philadelphia Electric	10,165	6.4
124	126	Home Federal S&L	10,019	12.8
125	120	K mart	9,991	7.9
126	127	Valley National	9,931	13.1
127	181	InterNorth	9,893	61.6
128	118	Gibraltar Financial	9,862	6.4
129	110	Comerica	9,770	1.4
130	130	Norfolk Southern	9,769	12.7
131	158	AmeriTrust	9,706	11.5
132	122	Westinghouse	9,682	5.8
133	133	Sovran Financial	9,672	16.7
134	125	Detroit Edison	9,492	5.8
135	152	Kemper	9,264	30.8
136	131	Boeing	9,246	9.0
137	141	Norstar Bancorp	8,998	13.8
138	129	Consolidated Edison	8,945	3.0
139	137	FPL Group	8,917	9.3
140	167	Monsanto	8,877	39.3
141	145	Houston Industries	8,797	15.1
142	192	Society	8,749	49.9
143	170	First Executive	8,741	38.3
144	142	Beneficial Corp	8,709	13.0
145	121	Consumers Power	8,615	-6.5
146	113	Control Data	8,565	-10.7
147	138	Dominion Resources	8,481	4.7
148	144	American Brands	8,371	8.1
149	147	US Bancorp	8,350	11.4
150	143	Rainier Bancorp	8,349	7.6
151	177	Hartford National	8,343	34.7
152	340	Coastal Corp	8,294	151.7
153	101	Beatrice	8,292	-17.8
154	146	CityFed Financial	8,234	8.4
155	162	Gt Am First Savings	8,211	22.2
156	190	United Virginia Bksh	8,100	36.3
157	132	Imperial Corp of Am	8,047	-4.9
158	140	Duke Power	8,024	0.1
159	■	CrossLand Savings	8,022	1.0
160	■	Fireman's Fund	7,987	16.4
161	156	Long Island Lighting	7,954	15.3
162	222	UAL	7,874	52.6
163	164	Shawmut	7,823	20.2
164	149	Maryland National	7,792	6.9
165	266	Bank of Virginia	7,745	87.3
166	150	Northern Trust	7,500	3.8
167	■	Coast S&L Assoc	7,470	17.3
168	180	USF&G	7,454	24.4
169	163	Ohio Edison	7,290	9.0
170	178	McDonnell Douglas	7,268	17.4

■ Not on 500 list in 1984

The Forbes Assets 500

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
171	194	Rockwell Intl	7,261	25.4
172	160	Michigan National	7,252	7.1
173	196	Fleet Financial	7,122	23.9
174	199	KeyCorp	7,122	26.7
175	166	Columbia S&L	7,116	11.5
176	323	Boatmen's Bancshs	7,055	102.6
177	171	Niagara Mohawk	7,014	12.5
178	173	Manufacturers Natl	6,980	12.3
179	155	Pennsylvania P&L	6,966	0.8
180	176	Goodyear	6,954	12.3
181	175	Digital Equipment	6,914	11.5
182	187	Coca-Cola	6,898	15.8
183	215	St Paul Cos	6,898	29.5
184	■	Baxter Travenol Labs	6,839	241.8
185	165	Central & South West	6,817	6.2
186	189	Mercantile Bancorp	6,763	13.8
187	185	Fidelcor	6,760	13.1
188	134	RCA	6,702	-18.5
189	183	General Re	6,689	10.5
190	186	Carolina Power & Lt	6,655	11.6
191	237	State Street Boston	6,653	40.2
192	182	Minn Mining & Mfg	6,593	8.2
193	203	Capital Holding	6,588	19.3
194	204	First Wisconsin	6,477	17.4
195	218	AMR	6,425	22.1
196	184	Texas Amer Bcshs	6,413	6.3
197	169	Alcoa	6,354	0.2
198	154	LTV	6,307	-9.0
199	311	MidCon	6,303	75.7
200	221	BayBanks	6,269	21.0
201	234	Hospital Corp	6,259	29.6
202	200	Huntington Bcshs	6,240	11.9
203	207	Meridian Bancorp	6,230	13.4
204	168	Amerada Hess	6,219	-2.1
205	191	Union Electric	6,181	5.1
206	174	General Public Utils	6,176	-0.6
207	206	Northeast Utilities	6,148	11.6
208	159	Champion Intl	6,098	-10.5
209	193	International Paper	6,039	4.2
210	172	Caterpillar Tractor	6,016	-3.3
211	198	Teledyne	6,008	5.1
212	188	Weyerhaeuser	6,005	0.8
213	211	Florida Natl Banks	5,981	11.6
214	229	PepsiCo	5,861	18.4
215	202	Greyhound	5,853	5.9
216	220	Columbia Gas	5,835	12.2
217	255	Provident Life & Acc	5,812	34.7
218	223	Hewlett-Packard	5,769	12.4
219	208	United Telecom	5,767	6.0
220	252	Chubb	5,763	31.9
221	212	First Pennsylvania	5,652	5.5
222	230	Cleveland Electric	5,651	14.7
223	201	Deere	5,615	1.1
224	231	Gulf States Utilities	5,556	13.7
225	217	Federated Dept Stores	5,527	2.6
226	216	Dart & Kraft	5,502	4.1
227	197	Sperry	5,448	-5.1
228	224	Riggs National	5,434	6.1
229	214	WR Grace	5,421	1.7
230	228	California First Bank	5,401	8.0
231	195	Texas Eastern	5,392	-6.4
232	257	First of America Bank	5,326	25.0
233	240	AZP Group	5,325	14.4
234	225	First Security	5,294	3.7
235	239	First Tennessee Natl	5,249	12.7
236	256	AmSouth Bancorp	5,227	22.1
237	253	MeraBank	5,219	19.7
238	258	American Can	5,215	22.6
239	227	Florida Federal S&L	5,175	3.1
240	219	Centerre Bancorp	5,172	-0.8
241	226	Carteret Savings	5,129	1.7
242	238	PacifiCorp	5,122	8.1
243	247	Anheuser-Busch Cos	5,121	13.2
244	244	Johnson & Johnson	5,095	12.2
245	■	Home Group	5,087	-0.4
246	243	Continental Telecom	5,074	11.4
247	260	Third National	5,045	19.3
248	261	McDonald's	5,043	19.2
249	236	Honeywell	5,034	5.8
250	210	Panhandle Eastern	5,026	-6.4
251	308	United Financial	4,989	37.3
252	241	Commerce Bcshs	4,924	6.7
253	■	Entex	4,907	16.2
254	242	Merck	4,902	6.8
255	235	Georgia-Pacific	4,866	1.7
256	262	United Banks of Colo	4,850	15.1
257	245	Safeway Stores	4,841	6.7
258	233	IC Industries	4,818	-0.5
259	265	Western S&L	4,807	16.0
260	278	First American	4,789	20.8
261	283	Safeco	4,764	22.6
262	251	Bethlehem Steel	4,743	8.1
263	279	Marshall & Ilsley	4,741	19.8
264	277	Illinois Power	4,719	19.0
265	264	Continental Bancorp	4,718	13.4
266	■	CenTrust	4,711	17.4
267	254	Dominion Bankshs	4,689	8.6
268	249	Litton Industries	4,664	4.2
269	213	Halliburton	4,662	-12.9
270	209	Diamond Shamrock	4,618	-14.4
271	248	Burroughs	4,556	1.2
272	282	MCI Comm	4,510	15.8
273	267	First Maryland Bncp	4,493	9.4
274	272	Northeast Savings	4,492	11.5
275	271	Pfizer	4,463	10.3
276	364	General Dynamics	4,448	46.6
277	284	Bancorp Hawaii	4,439	15.2
278	270	United Jersey Banks	4,428	9.3
279	286	Dayton-Hudson	4,418	16.3
280	331	Indiana National	4,391	30.8
281	263	Motorola	4,370	4.2
282	246	Williams Cos	4,337	-4.3
283	273	Old Kent Financial	4,323	7.4
284	■	Louisiana Bancshares	4,302	47.6
285	303	Transco Energy	4,241	15.3
286	313	Washington Mutual	4,238	19.1
287	269	South Carolina Natl	4,212	3.3
288	327	SouthTrust	4,210	23.0
289	355	Lockheed	4,184	32.2
290	274	Baltimore G&E	4,183	4.3
291	301	Kroger	4,178	13.3
292	268	American Security	4,155	1.8
293	318	Banco Popular PR	4,142	17.4
294	314	First Kentucky Natl	4,142	16.9
295	259	Pacific Lighting	4,133	-2.6
296	312	American Fletcher	4,131	15.8
297	338	Amer Continental	4,115	24.6
298	287	PPG Industries	4,084	7.6
299	297	Allegheny Power	4,059	8.6
300	296	No States Power	4,048	8.2
301	294	First Florida Banks	4,026	7.3
302	■	Perpetual American	4,018	6.6
303	349	Citizens Fidelity	3,983	24.2
304	298	NY State E&G	3,977	6.5
305	305	Eli Lilly	3,954	8.5
306	281	Ashland Oil	3,943	-0.1
307	310	NCR	3,940	9.8
308	344	Arizona Bancwest	3,939	21.2
309	384	American Medical	3,875	37.9
310	291	Eastern Air Lines	3,870	2.7
311	351	Central Bancorp	3,856	20.9
312	317	Duquesne Light	3,854	9.2
313	395	Pillsbury	3,848	40.9
314	288	No Indiana Pub Svc	3,833	1.2
315	■	ICH	3,810	7.9
316	370	United Missouri Bcsh	3,807	30.3
317	342	Equitable Bancorp	3,804	16.3
318	306	Bks of Mid-America	3,803	4.4
319	320	Consol Natural Gas	3,798	8.3
320	■	First Commerce	3,792	88.3
321	■	Revlon Group	3,762	748.3
322	385	Ryder System	3,741	33.1
323	339	Torchmark	3,740	13.4
324	316	American Natl Ins	3,738	5.9
325	334	Southland	3,736	11.8
326	324	TRW	3,735	7.3
327	350	SmithKline Beckman	3,733	16.8
328	345	Bristol-Myers	3,721	14.5
329	397	Marine	3,720	36.9
330	413	Old Stone	3,705	41.1
331	290	Kerr-McGee	3,702	-1.8
332	325	New England Electric	3,687	7.1
333	321	First Alabama Bcshs	3,684	5.2
334	373	Marriott	3,664	26.1
335	■	Howard Savings Bank	3,656	3.1

■ Not on 500 list in 1984

The Forbes Assets 500

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
336	347	Archer Daniels	3,654	13.1
337	289	Reynolds Metals	3,647	–3.6
338	■	Cooper Industries	3,636	86.1
339	322	Jefferson-Pilot	3,616	3.4
340	■	American Savings	3,614	0.6
341	307	Sonat	3,570	–1.9
342	276	AMAX	3,561	–10.5
343	■	First RR & Banking	3,559	28.7
344	333	Delta Air Lines	3,555	6.1
345	336	Scott Paper	3,517	5.9
346	285	American Stores	3,514	–7.8
347	368	Central Fidelity Bks	3,511	19.0
348	343	CBS	3,509	7.6
349	354	Kimberly-Clark	3,504	10.4
350	337	Florida Progress	3,494	5.4
351	332	Washington National	3,474	3.5
352	329	Cullen/Frost Bankers	3,472	2.7
353	353	Abbott Laboratories	3,468	9.3
354	367	Moore Financial	3,459	16.1
355	■	First Jersey Natl	3,449	34.0
356	362	May Dept Stores	3,442	13.0
357	309	Raytheon	3,441	–4.4
358	388	First Natl Cincinnati	3,419	23.0
359	335	American Cyanamid	3,405	2.3
360	365	American Home	3,395	12.0
361	366	Emerson Electric	3,370	12.8
362	361	Sara Lee	3,365	10.2
363	379	Toledo Edison	3,365	17.5
364	■	Pacific First Finl	3,360	37.1
365	330	Enserch	3,358	–0.2
366	358	USLife	3,327	7.0
367	352	Owens-Illinois	3,306	3.9
368	346	Pennzoil	3,300	1.8
369	302	Armco	3,293	–10.7
370	328	Boise Cascade	3,268	–4.1
371	315	Kaiser Aluminum	3,261	–7.7
372	390	First Hawaiian	3,242	16.9
373	363	Central Bancshares	3,240	6.7
374	386	Transohio Finl	3,212	14.8
375	461	US Trust	3,202	37.7
376	396	Combined Intl	3,196	17.4
377	■	Berkshire Hathaway	3,181	56.3
378	398	Zions Utah Bancorp	3,181	17.3
379	402	First Virginia Banks	3,144	17.0
380	381	Citadel Holding	3,140	10.4
381	371	Fin Cp Santa Barbara	3,133	7.6
382	348	Dresser Industries	3,121	–2.9
383	425	National Medical	3,116	21.9
384	403	Commerce Union	3,116	16.0
385	480	Wal-Mart Stores	3,104	39.3
386	454	No'western Natl Life	3,093	30.6
387	368	San Diego G&E	3,086	4.6
388	326	Texas Instruments	3,076	–10.2
389	360	BancOklahoma	3,076	0.4
390	■	Pennbancorp	3,076	65.5
391	415	Time Inc	3,072	17.5
392	466	Toledo Trustcorp	3,051	32.6
393	405	Horizon Bancorp	3,030	12.8
394	■	Western Capital Inv	3,029	0.2
395	383	Walt Disney	3,027	7.2
396	418	Ethyl	3,023	16.3
397	376	Potomac Electric	3,020	4.4
398	375	Utah Power & Light	3,019	4.1
399	406	CPC International	3,017	12.4
400	419	Public Service NM	3,010	15.8
401	■	Chesebrough-Pond's	3,008	107.8
402	380	Public Service Colo	2,995	4.7
403	356	Cincinnati G&E	2,974	–5.0
404	■	Wickes Cos	2,957	125.2
405	401	Colorado Natl Bkshs	2,937	9.1
406	377	Borden	2,932	1.7
407	393	Sumitomo Bank Cal	2,907	5.6
408	427	HJ Heinz	2,877	12.8
409	408	National Bcshs Texas	2,877	7.9
410	391	Penn Central	2,874	3.9
411	421	Deposit Guaranty	2,864	10.7
412	■	Hibernia	2,864	66.2
413	382	Guarantee Financial	2,860	0.6
414	410	Humana	2,832	7.1
415	387	Borg-Warner	2,823	1.4
416	416	Eaton	2,814	7.7
417	422	Colgate-Palmolive	2,814	9.6
418	359	Celanese	2,809	–9.5
419	400	Jim Walter	2,806	4.2
420	389	Farm & Home Savings	2,801	0.8
421	453	Bank South	2,788	17.6
422	465	Georgia Federal Bank	2,787	20.6
423	432	Schering-Plough	2,773	10.2
424	407	Allied Stores	2,772	3.6
425	378	Trans World Airlines	2,769	–3.8
426	■	Branch Corp	2,766	16.0
427	493	First Citizens	2,765	27.6
428	455	Fifth Third Bancorp	2,761	16.9
429	443	Campbell Soup	2,749	12.7
430	232	Public Service Ind	2,721	–44.0
431	426	Times Mirror	2,701	5.7
432	304	Amer S&L Fla	2,694	–26.2
433	446	FMC	2,691	12.1
434	451	Air Prods & Chems	2,687	13.0
435	295	Fluor	2,679	–28.6
436	467	Dun & Bradstreet	2,673	16.8
437	424	Public Service NH	2,662	3.8
438	404	Murphy Oil	2,661	–0.9
439	423	Union Camp	2,661	3.7
440	448	Hercules	2,659	11.3
441	445	Kansas City P&L	2,654	9.5
442	399	Ralston Purina	2,653	–1.8
443	471	Farmers Group	2,652	16.6
444	432	North Amer Philips	2,643	5.0
445	417	Inland Steel	2,632	0.9
446	429	Gelco	2,600	2.3
447	468	Dauphin Deposit	2,598	13.7
448	476	Downey S&L	2,591	15.0
449	430	Wang Laboratories	2,591	2.0
450	452	Portland General	2,579	8.7
451	456	Merchants National	2,576	9.4
452	470	Mercantile Bkshs	2,568	12.9
453	■	Fourth Financial	2,566	90.2
454	435	Affiliated Bshs Colo	2,552	1.7
455	441	Wisconsin Electric	2,549	3.2
456	479	First Empire State	2,548	13.7
457	437	Scana	2,544	1.8
458	■	Conifer Group	2,543	14.2
459	464	FW Woolworth	2,535	9.7
460	462	RH Macy	2,531	9.2
461	440	Centel	2,521	1.7
462	483	Whitney Holding	2,510	12.9
463	458	Union National	2,510	7.1
464	■	Society for Savings	2,507	3.1
465	411	Valley Federal S&L	2,500	–5.3
466	■	PHH Group	2,490	40.3
467	■	Monarch Capital	2,486	26.2
468	481	City National	2,473	11.2
469	■	FirsTier	2,470	9.8
470	495	Squibb	2,453	14.9
471	409	Pan Am	2,448	–7.4
472	457	Holiday Corp	2,448	4.2
473	■	Tribune	2,446	40.8
474	■	Far West Financial	2,426	18.3
475	■	Gillette	2,425	19.8
476	475	Dana	2,424	7.4
477	472	So New England Tel	2,424	6.8
478	431	Crown Zellerbach	2,406	–5.0
479	497	Great Lakes Fedl S&L	2,405	13.4
480	■	First Bncp of Ohio	2,404	22.7
481	485	Puget Sound P&L	2,401	5.7
482	412	Firestone	2,400	–8.7
483	459	Manville	2,393	2.3
484	434	GATX	2,392	–4.9
485	■	Northeast Bancorp	2,389	21.0
486	438	First Columbia Finl	2,388	0.8
487	492	Peoples Bancorp	2,380	9.5
488	■	Geico	2,378	24.7
489	477	Upjohn	2,377	5.7
490	■	Owens-Corning	2,366	36.6
491	498	Sunwest Financial	2,360	11.7
492	374	Warner-Lambert	2,358	–18.7
493	494	Kansas Gas & Elec	2,348	9.2
494	■	Northrop	2,333	19.2
495	■	Wilmington Trust	2,328	11.6
496	■	NWA	2,320	32.3
497	■	Gannett	2,313	27.6
498	■	Union Planters	2,312	20.1
499	■	First Capital	2,299	23.0
500	■	Life Investors	2,291	19.5

■ Not on 500 list in 1984

The Forbes Market Value 500

Big-capitalization stocks did well last year. But not quite as well as the overall market.

BETWEEN JAN. 1 AND DEC. 31, 1985 the total market value of the 500 largest American public companies increased from $1.270 trillion to $1.573 trillion. That is a 23.9% rise, in spite of equity retirements via share buybacks and mergers. (Last year retirements among public corporations exceeded new stock issues by $59 billion, with most activity among the top 500 companies.) The Wilshire index, which includes small stocks along with these big ones, was up 27.2% in 1985, and that index is adjusted so that equity retirements don't penalize it. The Dow, with 30 large-cap issues, was up 27.7%.

IBM, the most valuable firm ($95.7 billion at year-end 1985), posted a 26.9% gain. The market value of half the companies shot up 30% or more. GAF, which profited handsomely from its failed takeover attempt on Union Carbide, scored the biggest gain, a rise of 195%.

Market capitalization declined at some unfortunate IBM competitors. Among them: Wang Laboratories, off 23.4%; Apple Computer, 22.4%; Data General, 20%.

While retirement of equity was the rule, a few of the larger firms issued stock. AMR, the Dallas-based airline, sold 5 million new shares and increased its market capitalization by over $200 million.

Last year was a busy one for dealmakers. Their fodder included Shell Oil (acquired by its Dutch parent), Nabisco Brands (R.J. Reynolds), Signal Cos. (Allied), General Foods (Philip Morris) and Richardson-Vicks (Procter & Gamble). In some cases the acquisition pushed the buyer up the list: Allied moved up from 111th position to 35th in becoming Allied-Signal.

As stock prices began rising in the latter part of 1985, fewer firms found it as attractive to buy back their own shares. But Chrysler, which has a low P/E multiple, kept buying. By the end of the year it had 17% fewer shares outstanding, which helped push its stock up 45.7%.

Rank 1985	Rank 1984	Company	Market value ($mil)	Change over 1984 %
1	1	IBM	95,697	26.9
2	2	Exxon	40,273	14.3
3	3	General Electric	33,172	28.8
4	5	American Tel & Tel	26,733	32.1
5	4	General Motors	22,253	–10.0

Winners

The largest increase in market value

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
403	■	GAF	1,041	195.1
35	111	Allied-Signal	8,190	185.9
383	■	Dreyfus	1,084	174.4
439	■	Ames Dept Stores	953	170.6
247	467	First Union	1,766	154.4

■ Not on 500 list in 1984.

Losers

The largest decrease in market value

Rank 1985	Rank 1984	Company	Assets ($mil)	Change over 1984 %
151	32	Phillips Petroleum	2,754	–60.2
126	39	Unocal	3,126	–51.4
486	260	Control Data	847	–37.3
453	273	Texas Commerce	917	–27.5
269	146	Diamond Shamrock	1,639	–26.0

The Forbes Market Value 500

Rank 1985	Rank 1984	Company	Market value ($mil)	Change over 1984 %
6	8	El du Pont	16,333	37.7
7	7	Amoco	16,009	11.5
8	14	BellSouth	14,958	47.1
9	9	Sears, Roebuck	14,153	23.3
10	12	Chevron	13,043	22.0
11	11	Mobil	12,353	11.7
12	23	American Express	11,771	44.3
13	17	Procter & Gamble	11,701	22.8
14	15	Standard Oil	11,698	18.5
15	13	Atlantic Richfield	11,458	10.1
16	10	Eastman Kodak	11,426	2.2
17	22	Coca-Cola	10,872	33.2
18	20	Ford Motor	10,794	27.7
19	25	Bell Atlantic	10,636	32.8
20	16	Philip Morris Cos	10,548	7.8
21	27	American Info Tech	10,368	37.7
22	18	Minn Mining & Mfg	10,283	12.5
23	28	Nynex	9,881	32.4
24	21	GTE	9,745	17.4
25	37	Johnson & Johnson	9,623	45.7
26	36	Merck	9,614	41.8
27	26	American Home	9,487	23.6
28	19	Hewlett-Packard	9,462	8.7
29	30	Bristol-Myers	9,146	27.2
30	33	Pacific Telesis	9,085	31.9
31	42	Wal-Mart Stores	8,958	68.7
32	31	Southwestern Bell	8,518	21.0
33	35	US West	8,469	24.7
34	34	Pfizer	8,295	22.1
35	111	Allied-Signal	8,190	185.9
36	46	Abbott Laboratories	8,177	62.9
37	48	American Intl Group	8,126	63.8
38	41	Boeing	8,109	47.3
39	38	Digital Equipment	7,957	22.6
40	29	RJ Reynolds Inds	7,862	5.6
41	43	Dow Chemical	7,797	49.1
42	53	Eli Lilly	7,777	64.7
43	24	Texaco	7,168	-11.6
44	59	McDonald's	6,925	53.6
45	58	Westinghouse	6,844	49.9
46	45	Pacific G&E	6,747	30.0
47	55	Phibro-Salomon	6,447	39.1
48	50	Citicorp	6,388	30.6
49	66	PepsiCo	6,381	58.5
50	47	Dun & Bradstreet	6,366	27.6
51	65	Dart & Kraft	6,279	53.8
52	54	Southern Company	5,983	26.8
53	56	Santa Fe Southern	5,917	28.3
54	57	Union Pacific	5,916	28.4
55	75	Aetna Life & Cas	5,904	61.8
56	52	Emerson Electric	5,889	23.6
57	85	Anheuser-Busch Cos	5,852	71.5
58	63	SmithKline Beckman	5,846	41.1
59	40	Tenneco	5,835	5.8
60	51	Southern Calif Edison	5,769	19.3
61	76	Xerox	5,763	58.7
62	49	Commonwealth Ed	5,721	16.5
63	44	Sun Company	5,619	8.2
64	89	JP Morgan	5,604	70.9
65	102	RCA	5,386	81.7
66	62	United Technologies	5,377	22.2
67	60	Rockwell Intl	5,342	19.0
68	64	ITT	5,340	30.1
69	132	Beatrice	5,201	102.9
70	74	Norfolk Southern	5,118	38.7
71	84	Burlington Northern	5,022	46.0
72	72	Gannett	4,918	30.5
73	110	General Re	4,860	69.1
74	130	Union Carbide	4,792	85.1
75	69	Consolidated Edison	4,776	19.6
76	70	Chrysler	4,694	20.8
77	91	Cigna	4,653	45.4
78	67	Motorola	4,638	15.7
79	80	CSX	4,610	28.4
80	68	American Electric	4,572	14.1
81	95	Dayton-Hudson	4,459	45.9
82	61	K mart	4,455	1.1
83	112	Loews	4,442	55.7
84	93	Travelers	4,375	38.7
85	106	HJ Heinz	4,326	47.8
86	136	Kellogg	4,287	74.1
87	109	Squibb	4,278	48.7
88	96	Public Service E&G	4,165	38.3
89	87	Raytheon	4,165	23.1
90	150	Upjohn	4,140	92.6
91	82	JC Penney	4,137	19.9
92	99	Caterpillar Tractor	4,132	37.7
93	86	Texas Utilities	4,124	21.6
94	71	Weyerhaeuser	3,995	5.6
95	125	NCR	3,940	48.5
96	128	Time Inc	3,900	50.1
97	79	AMP	3,887	8.1
98	108	Teledyne	3,868	34.3
99	225	Limited	3,745	132.9
100	115	Times Mirror	3,713	33.8
101	173	MCA	3,691	91.4
102	83	Monsanto	3,665	6.4
103	167	Walt Disney	3,655	84.9
104	152	Tandy	3,638	70.0
105	153	Waste Management	3,624	69.5
106	81	American Brands	3,607	1.9
107	118	Warner-Lambert	3,597	31.3
108	100	Ralston Purina	3,584	20.1
109	105	Duke Power	3,580	22.0
110	129	Merrill Lynch	3,502	35.0
111	121	Occidental Petroleum	3,442	28.1
112	126	FPL Group	3,420	29.2
113	92	Intel	3,395	6.5
114	103	Honeywell	3,393	14.8
115	116	Goodyear	3,378	22.0
116	182	Baxter Travenol Labs	3,327	79.4
117	179	Fort Howard Paper	3,292	75.8
118	114	United States Steel	3,285	17.3
119	135	Federated Dept Stores	3,251	29.5
120	134	Dominion Resources	3,225	28.2
121	156	RH Macy	3,205	53.5
122	113	Lockheed	3,204	12.6
123	143	Campbell Soup	3,193	42.3
124	98	Alcoa	3,133	4.4
125	139	Sperry	3,128	33.3
126	39	Unocal	3,126	-51.4
127	165	Gulf & Western Inds	3,098	55.6
128	88	Hospital Corp	3,090	-7.1
129	138	Philadelphia Electric	3,087	27.9
130	147	Kimberly-Clark	3,069	41.0
131	223	Federal Express	3,058	89.6
132	122	Dow Jones	3,046	13.5
133	141	Humana	3,043	33.5
134	199	American General	3,039	74.6
135	144	Houston Industries	3,039	35.8
136	140	PPG Industries	3,023	31.4
137	187	Schering-Plough	3,007	64.7
138	107	McDonnell Douglas	2,994	3.5
139	151	Marsh & McLennan	2,991	39.6
140	94	Halliburton	2,988	-3.4
141	97	General Dynamics	2,919	-2.8
142	155	Capital Cities/ABC	2,918	37.8
143	131	Burroughs	2,887	12.2
144	158	Toys "R" Us	2,877	38.7
145	169	Marriott	2,856	46.3
146	142	General Mills	2,849	26.4
147	194	Chase Manhattan	2,802	60.1
148	244	Berkshire Hathaway	2,787	94.4
149	78	Wang Laboratories	2,756	-23.4
150	196	Sara Lee	2,756	57.9
151	32	Phillips Petroleum	2,754	-60.2
152	133	Georgia-Pacific	2,735	6.7
153	168	Melville	2,730	38.6
154	149	CBS	2,717	26.3
155	137	American Cyanamid	2,697	10.8
156	275	MidCon	2,691	116.0
157	215	May Dept Stores	2,673	63.0
158	171	Pillsbury	2,668	38.0
159	184	Archer-Daniels	2,665	44.4
160	104	Texas Instruments	2,655	-9.7
161	192	MCI	2,651	50.6
162	209	Borden	2,651	57.4
163	245	Corning Glass Works	2,649	88.2
164	166	Pennzoil	2,643	33.0
165	172	WR Grace	2,641	36.9
166	154	Central & South West	2,605	22.3
167	161	Niagara Mohawk	2,602	28.2
168	186	Continental Corp	2,591	41.2
169	221	Masco	2,588	59.5
170	123	TRW	2,555	-4.3

The Forbes Market Value 500

Rank 1985	Rank 1984	Company	Market value ($mil)	Change over 1984 %
171	193	Bankers Trust NY	2,511	43.2
172	238	USF&G	2,490	65.3
173	170	CPC International	2,480	27.7
174	195	AMR	2,448	39.8
175	177	Security Pacific	2,440	29.7
176	120	International Paper	2,432	–9.6
177	178	RR Donnelley	2,429	29.6
178	148	McGraw-Hill	2,420	12.5
179	117	BankAmerica	2,397	–12.7
180	208	Farmers Group	2,350	39.5
181	145	Detroit Edison	2,327	4.6
182	159	Colgate-Palmolive	2,314	12.1
183	160	Champion Intl	2,311	11.9
184	276	Warner Comm	2,306	86.0
185	207	Carolina Power & Lt	2,305	36.3
186	189	First Interstate	2,300	27.5
187	164	United Telecom	2,278	13.5
188	119	Litton Industries	2,267	–16.8
189	254	Tribune	2,264	62.1
190	162	Amerada Hess	2,263	12.1
191	232	Quaker Oats	2,261	45.1
192	211	Ohio Edison	2,245	36.0
193	174	Knight-Ridder	2,244	18.0
194	220	Safeway Stores	2,244	38.2
195	200	Sterling Drug	2,238	28.6
196	271	Browning-Ferris Inds	2,231	75.1
197	205	Transamerica	2,225	30.5
198	218	Chemical New York	2,220	35.7
199	228	Lincoln National	2,213	39.0
200	181	Avon Products	2,189	25.1
201	217	Union Electric	2,183	33.4
202	127	Middle South Utils	2,174	–16.4
203	214	Household Intl	2,169	31.9
204	197	Gillette	2,149	23.2
205	180	Pennsylvania P&L	2,142	14.4
206	258	Automatic Data	2,141	55.4
207	188	Hercules	2,140	18.1
208	175	Borg-Warner	2,136	12.3
209	201	Eaton	2,105	21.6
210	204	Consol Natural Gas	2,098	22.0
211	269	Southland	2,093	63.9
212	190	Kroger	2,091	18.2
213	234	PacifiCorp	2,059	34.5
214	176	Penn Central	2,045	8.7
215	■	Fireman's Fund	2,043	NA
216	219	Northrop	2,043	25.7
217	251	Intergraph	2,034	43.7
218	293	American Stores	2,033	71.1
219	203	Genuine Parts	2,029	17.6
220	233	AZP Group	2,026	31.3
221	183	InterNorth	2,010	8.4
222	247	Cleveland Electric	2,002	38.7
223	283	Deluxe Check	2,000	63.3
224	235	New York Times	1,982	29.6
225	262	IC Industries	1,966	46.0
226	226	Baltimore G&E	1,966	23.1
227	230	Martin Marietta	1,959	24.6
228	426	Cray Research	1,952	153.4
229	163	Deere	1,951	–3.3
230	224	Pacific Lighting	1,950	20.9
231	241	Mfrs Hanover	1,948	31.0
232	202	Union Camp	1,945	12.6
233	301	FW Woolworth	1,921	65.1
234	306	Textron	1,915	67.3
235	240	Northeast Utilities	1,904	27.8
235	■	SunTrust Banks	1,904	NC
237	290	Cooper Industries	1,893	58.4
238	227	Continental Telecom	1,892	18.6
239	252	Air Prods & Chems	1,890	34.7
240	346	Fedl Natl Mortgage	1,886	86.3
241	231	Texas Eastern	1,864	19.6
242	210	Scott Paper	1,838	10.1
243	270	Pitney Bowes	1,832	43.7
244	■	First Wachovia	1,813	NC
245	206	Whirlpool	1,810	6.3
246	317	Celanese	1,806	64.6
247	467	First Union	1,766	154.4
248	229	Rohm & Haas	1,759	11.2
249	212	National Medical	1,755	6.4
250	236	UAL	1,754	14.8
251	353	Tele-Comm	1,746	76.9
252	382	Zayre	1,733	97.0
253	253	Morton Thiokol	1,732	23.9
254	315	Chubb	1,730	56.8
255	257	Walgreen	1,729	25.2
256	340	Ethyl	1,711	65.8
257	222	Panhandle Eastern	1,701	4.9
258	419	Marion Laboratories	1,694	113.8
259	213	American Medical	1,690	2.6
260	243	Kerr-McGee	1,690	14.9
261	248	FMC	1,683	17.7
262	280	Combined Intl	1,665	35.5
263	250	Allegheny Power	1,665	17.3
264	347	PNC Financial	1,664	65.0
265	298	Super Valu Stores	1,662	41.9
266	268	No States Power	1,657	28.2
267	316	NCNB	1,652	50.3
268	355	USG	1,641	67.1
269	146	Diamond Shamrock	1,639	–26.0
270	291	Potomac Electric	1,629	36.7
271	288	Hershey Foods	1,614	33.3
272	402	VF	1,613	95.9
273	287	American Can	1,611	32.9
274	216	Advanced Micro	1,609	–1.7
275	249	Hilton Hotels	1,608	13.0
276	362	Price Co	1,602	69.2
277	324	St Paul Cos	1,601	49.0
278	261	Columbia Gas	1,601	18.8
279	305	Ryder System	1,596	39.2
280	292	Owens-Illinois	1,587	33.3
281	267	Winn-Dixie Stores	1,570	20.3
282	198	Delta Air Lines	1,564	–10.3
283	282	Safeco	1,560	27.4
284	326	Torchmark	1,551	45.0
285	289	NY State E&G	1,546	29.1
286	320	Geico	1,540	41.5
287	338	Allied Stores	1,531	47.5
288	350	First Chicago	1,527	52.4
289	318	Student Loan	1,526	39.7
290	294	American Standard	1,523	28.2
291	309	Washington Post	1,523	35.6
292	446	GenCorp	1,514	105.9
293	277	San Diego G&E	1,507	21.9
294	303	Greyhound	1,503	30.7
295	264	Illinois Power	1,499	12.0
296	237	Holiday Corp	1,499	–1.5
297	304	Chesebrough-Pond's	1,497	30.2
298	367	Banc One	1,491	60.6
299	322	Capital Holding	1,489	37.0
300	342	Intl Flavors & Frags	1,482	44.1
301	422	Barnett Banks Fla	1,445	85.3
302	334	Florida Progress	1,442	37.6
303	239	Dana	1,432	–4.4
304	321	Newmont Mining	1,429	31.4
305	286	Dover	1,423	17.2
306	296	Utah Power & Light	1,419	19.9
307	274	Mellon Bank	1,413	13.3
308	372	ConAgra	1,410	54.9
309	345	Gt Western Financial	1,390	36.9
310	285	Roadway Services	1,388	14.1
311	278	Jefferson-Pilot	1,387	12.4
312	256	Dresser Industries	1,382	–0.5
313	332	Mead	1,379	30.4
314	259	Sonat	1,376	0.4
315	302	Perkin-Elmer	1,375	19.3
316	314	Transworld	1,371	24.2
317	191	Apple Computer	1,370	–22.4
318	445	HF Ahmanson	1,368	86.0
319	325	So New England Tel	1,360	26.8
320	369	Gould	1,358	47.4
321	281	Gulf States Utilities	1,344	9.5
322	272	Transco Energy	1,344	5.8
323	395	James River Corp Va	1,341	60.6
324	351	Wells Fargo	1,340	33.9
325	387	Polaroid	1,339	55.9
326	263	General Signal	1,332	–0.9
327	■	Alexander & Alex	1,327	115.4
328	333	Wisconsin Electric	1,323	25.7
329	420	Associated Dry Goods	1,320	67.6
330	365	New England Electric	1,320	40.0
331	337	Centel	1,307	25.7
332	491	General Cinema	1,283	94.8
333	371	Wendy's Intl	1,277	39.7
334	373	Lucky Stores	1,275	40.3
335	312	Boise Cascade	1,272	14.7

■ Not on 500 list in 1984. NA: Not available. NC: Not comparable.

The Forbes Market Value 500

Rank 1985	Rank 1984	Company	Market value ($mil)	Change over 1984 %
336	435	Clorox	1,265	66.9
337	399	Becton Dickinson	1,264	51.9
338	■	Kemper	1,261	101.7
339	433	Weis Markets	1,253	64.7
340	297	Baker International	1,252	6.6
341	473	First Boston	1,250	83.5
342	441	Rubbermaid	1,248	65.8
343	299	Enserch	1,247	7.0
344	308	Square D	1,234	9.0
345	300	Fluor	1,228	5.4
346	428	Bank of Boston	1,225	59.8
347	328	Westvaco	1,221	14.6
348	279	Avnet	1,216	–1.3
349	343	Pioneer Hi-Bred Intl	1,213	18.7
350	348	Colt Industries	1,208	20.0
351	307	Freeport-McMoRan	1,202	6.0
352	■	Coastal Corp	1,176	105.4
353	423	Consolidated Papers	1,165	49.7
354	457	First Bank System	1,162	61.4
355	356	Duquesne Light	1,162	18.6
356	246	Data General	1,160	–20.0
357	364	Oklahoma G&E	1,158	22.8
358	427	Food Lion	1,158	50.5
359	368	Crown Zellerbach	1,153	24.8
360	397	Mercantile Stores	1,151	38.3
361	■	Genentech	1,145	132.3
362	331	Homestake Mining	1,143	7.8
363	■	Viacom International	1,124	154.2
364	360	Scana	1,123	18.0
365	■	Petrie Stores	1,121	70.0
366	381	Public Service NM	1,120	27.2
367	335	Natl Semiconductor	1,120	7.0
368	363	Owens-Corning	1,117	18.2
369	310	Tektronix	1,115	–0.5
370	394	Lubrizol	1,111	32.8
371	400	WW Grainger	1,110	34.1
372	323	Jack Eckerd	1,108	2.4
373	■	Bank of New England	1,108	NC
374	352	Public Service Colo	1,106	10.5
375	407	Beverly Enterprises	1,104	35.5
376	319	Harris Corp	1,097	0.5
377	383	American Natl Ins	1,094	24.8
378	■	Bear Stearns Cos	1,094	NA
379	■	Dillard Dept Stores	1,093	97.7
380	295	Black & Decker	1,092	–7.8
381	■	Citizens & So Ga	1,091	75.2
382	434	EF Hutton Group	1,084	42.9
383	■	Dreyfus	1,084	174.4
384	■	Raychem	1,082	93.4
385	359	Albertson's	1,080	12.9
386	444	Beneficial Corp	1,076	45.9
387	313	North Amer Philips	1,076	–2.9
388	420	National Distillers	1,072	36.1
389	390	Parker-Hannifin	1,071	25.5
390	412	Armstrong World	1,070	33.3
391	479	McKesson	1,070	59.4
392	455	General Public Utils	1,069	47.8
393	398	Southwestern Pub Svc	1,069	28.4
394	336	Rite Aid	1,067	2.2
395	477	Ashland Oil	1,065	57.9
396	375	Ingersoll-Rand	1,064	17.8
397	377	Gt Northern Nekoosa	1,058	19.0
398	■	Maytag	1,058	74.3
399	374	Temple-Inland	1,055	16.2
400	354	American Greetings	1,048	6.4
401	339	Nalco Chemical	1,047	1.1
402	391	EG&G	1,045	23.1
403	■	GAF	1,041	195.1
404	■	Liz Claiborne	1,040	92.1
405	■	Pan Am	1,036	116.7
406	386	Prime Computer	1,028	19.0
407	■	US Health Care	1,027	48.7
408	357	Tucson Electric	1,027	5.1
409	413	Vulcan Materials	1,027	27.9
410	330	Combustion Eng	1,025	–3.8
411	344	Williams Cos	1,021	0.1
412	447	Consol Freightways	1,020	38.8
413	■	Sherwin-Williams	1,019	61.6
414	361	Murphy Oil	1,018	7.5
415	403	Sundstrand	1,017	23.6
416	392	Interco	1,011	20.1
417	■	National Gypsum	1,008	67.7
418	450	Portland General	1,006	37.4
419	378	NWA	1,002	13.0
420	488	Tambrands	999	51.3
421	460	Brown-Forman	994	39.5
422	■	Bank of New York	991	76.9
423	■	Norstar Bancorp	988	62.0
424	458	Provident Life & Acc	986	37.0
425	■	NBD Bancorp	984	61.7
426	■	LIN Broadcasting	983	88.7
427	451	Sysco	980	34.9
428	483	Jim Walter	978	46.0
429	414	TECO Energy	977	21.7
430	■	Cincinnati G&E	972	53.1
431	329	US Tobacco	969	–9.1
432	■	Golden West Finl	967	96.4
433	■	Home Group	965	NA
434	409	Big Three Industries	965	18.8
435	480	CoreStates Financial	964	43.7
436	376	Lowe's Cos	959	7.0
437	■	H&R Block	959	74.7
438	430	Bausch & Lomb	959	25.6
439	■	Ames Dept Stores	953	170.6
440	486	National Service	952	43.7
441	449	Firestone	946	29.0
442	■	Crown Cork & Seal	944	81.7
443	■	United States Shoe	944	61.1
444	465	Subaru of America	941	34.3
445	349	Intl Minerals	940	–6.3
446	311	AMAX	933	–16.3
447	484	Norwest	930	39.3
448	417	Tandem Computers	926	16.0
449	429	USAir Group	925	20.7
450	424	Grumman	922	18.8
451	■	Johnson Controls	921	57.8
452	497	Puget Sound P&L	919	42.8
453	273	Texas Commerce	917	–27.5
454	452	Brunswick	916	26.2
455	■	Supermarkets General	910	51.4
456	437	RepublicBank	908	20.2
457	454	Burlington Inds	908	25.4
458	408	Emhart	900	10.7
459	415	Lear Siegler	895	11.6
460	466	Stanley Works	891	28.0
461	461	E-Systems	890	24.9
462	■	Nordstrom	889	54.3
463	436	Long Island Lighting	888	17.3
464	■	Commerce Clearing	887	48.1
465	393	Arkla	886	5.2
466	490	Shared Medical Sys	883	34.0
467	■	Cincinnati Financial	883	62.1
468	463	Illinois Tool Works	882	24.5
469	474	Republic New York	879	29.3
470	■	Midlantic Banks	879	87.4
471	■	First Executive	876	69.6
472	493	Southwest Airlines	867	33.4
473	■	Telex	866	65.3
474	380	Allied Bancshares	865	–1.8
475	■	Gerber Products	865	72.4
476	■	Loral	861	41.5
477	■	Premier Industrial	859	38.7
478	385	MCorp	858	–1.4
479	464	Snap-on Tools	857	21.1
480	495	Toledo Edison	855	32.3
481	416	Community Psych	853	6.6
482	471	Olin	853	24.1
483	481	Delmarva Power & Lt	850	26.7
484	■	Harcourt Brace	849	98.7
485	■	Analog Devices	848	41.9
486	260	Control Data	847	–37.3
487	■	Macmillan	845	92.5
488	475	Fleming Cos	845	24.7
489	410	Paccar	844	4.2
490	■	ICH	843	47.1
491	476	Shoney's	842	24.3
492	472	NL Industries	841	23.4
493	■	Hasbro	838	66.9
494	■	Dayton Power & Lt	838	38.6
495	388	Louisiana Land	831	–3.3
496	487	Sovran Financial	829	25.6
497	■	Great A&P Tea	829	37.7
498	■	American Family	828	79.2
499	■	Yellow Freight	828	81.9
500	379	Revco DS	823	–6.8

■ Not on 500 list in 1984 NA Not available NC Not comparable

American companies gained some territory in the productivity battle. But holding this ground will be tough.

What next for jobs?

THE BRAND NAMES MAY SOUND American—Kodak, General Electric and Van Heusen—but the cameras are made in Japan, the clock radios in Malaysia and Singapore, the shirts in Hong Kong. One can buy "U.S." cars assembled in Mexico, or with Japanese transmissions or Brazilian engines. The IBM PC is a repository of internationally made components.

American corporations have become distributors of other people's goods. Outside sourcing helped those U.S. corporations appearing in the 500s listings boost their median sales per employee from $138,200 in 1984 to $142,900 last year. That is a 3.4% increase for the median, or middle, company—in line with inflation.

Sales for the 798 companies that made one or more of The Forbes 500 rosters totaled $2.85 trillion. That is an increase of 1.9% from the total sales of the 785 companies that appeared in last year's issue. Total employment rose 0.2%, to 21.1 million. Thus, average sales per employee were up only 1.7%.

Median assets per employee jumped 27%, to $237,000. More important, median profits per employee of $8,500 represent a 4% increase.

Using foreign factories can provide a quick fix—higher profit margins and greater productivity. But now the dollar's decline has taken away some of the cost advantage of foreign-manufactured goods. American corporations that became dependent on foreign sourcing as a short-term cost-savings move could, again, find themselves at a disadvantage. Now they have to worry more about competition from the foreign-owned U.S. factory—the Sony plants in Alabama and California, the Honda plant in Ohio, the Nissan plant in Tennessee. Those plants' successes do not, of course, find their way into the U.S.-corporation productivity numbers recounted here.

			—Per employee ($000)—						—Per employee ($000)—		
Rank	Company	Employees (000)	Sales (rank)	Profits (rank)	Assets (rank)	Rank	Company	Employees (000)	Sales (rank)	Profits (rank)	Assets (rank)
1	General Motors	811.0	118.8 (497)	4.9 (519)	78.5 (597)	22	Dayton-Hudson	128.0	68.7 (734)	2.2 (658)	34.5 (761)
2	Sears, Roebuck	462.0	88.1 (646)	2.8 (629)	143.8 (462)	23	Federated Dept Strs	127.7	78.1 (693)	2.2 (658)	43.3 (734)
3	IBM	400.2	125.1 (468)	16.4 (190)	131.5 (483)	24	Eastman Kodak	126.4	84.1 (662)	2.6 (642)	96.0 (549)
4	Ford Motor	369.3	142.9 (399)	6.8 (448)	84.9 (577)	25	Westinghouse	124.9	85.6 (656)	4.8 (523)	77.5 (601)
5	American Tel & Tel	351.4	99.3 (602)	4.4 (545)	115.1 (511)	26	RJ Reynolds Inds	122.5	110.4 (553)	8.2 (402)	138.2 (470)
6	K mart	310.0	72.3 (719)	0.7 (709)	32.2 (768)	27	American Stores	121.5	114.3 (533)	1.3 (691)	28.9 (779)
7	General Electric	304.0	93.0 (632)	7.7 (421)	86.9 (573)	28	FW Woolworth	118.1	50.4 (780)	1.5 (686)	21.5 (790)
8	ITT	233.5	85.2 (659)	1.3 (691)	162.1 (443)	29	Rockwell Intl	114.5	102.5 (588)	5.1 (507)	63.4 (660)
9	United Technol	184.8	81.1 (673)	1.7 (677)	57.0 (685)	30	Xerox	111.9	103.0 (583)	4.2 (551)	153.4 (447)
10	GTE	184.0	85.5 (657)	–0.9 (737)	144.3 (461)	31	Chrysler	107.9	197.1 (263)	15.2 (212)	116.7 (506)
11	JC Penney	178.5	77.0 (701)	2.2 (658)	58.9 (680)	32	Tenneco	104.5	146.1 (386)	1.6 (682)	195.6 (423)
12	Mobil	171.3	326.8 (123)	6.1 (463)	243.8 (396)	33	Boeing	98.5	138.4 (421)	5.7 (478)	93.9 (554)
13	Safeway Stores	166.5	118.0 (508)	1.4 (689)	29.1 (777)	34	General Dynamics	98.0	83.3 (665)	3.9 (567)	45.4 (728)
14	Kroger	164.6	104.1 (579)	1.1 (698)	25.4 (783)	35	RCA	96.5	93.0 (632)	3.8 (570)	69.5 (636)
15	EI du Pont	151.9	192.5 (273)	7.4 (430)	165.5 (438)	36	Beverly Enterprises	96.0	17.6 (798)	0.6 (713)	21.0 (791)
16	PepsiCo	150.0	53.7 (770)	3.6 (585)	39.1 (747)	37	Motorola	95.1	57.3 (767)	0.8 (704)	46.0 (725)
17	Exxon	146.0	593.7 (32)	33.4 (72)	473.7 (333)	38	Union Carbide	94.9	94.9 (622)	–6.3 (768)	111.5 (516)
18	McDonald's	145.0	25.5 (794)	3.0 (619)	34.8 (760)	39	Honeywell	94.1	70.4 (726)	3.0 (619)	53.5 (697)
19	Allied-Signal	143.8	63.4 (754)	–1.9 (743)	92.3 (560)	40	BellSouth	94.1	113.4 (539)	15.1 (218)	265.9 (389)
20	Marriott	137.4	30.9 (791)	1.2 (697)	26.7 (780)	41	TRW	93.4	63.4 (754)	–0.1 (730)	40.0 (745)
21	Goodyear	134.1	71.5 (722)	3.1 (615)	51.8 (708)	42	Wal-Mart Stores	93.0	92.3 (635)	3.5 (590)	33.4 (765)

The Forbes 500s–Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
43	McDonnell Douglas	92.7	123.8 (477)	3.7 (579)	78.4 (598)
44	Nynex	92.3	111.7 (547)	11.9 (303)	223.2 (406)
45	Sara Lee	91.9	88.0 (647)	2.4 (649)	36.6 (753)
46	Digital Equipment	87.3	80.5 (678)	4.6 (533)	79.2 (590)
47	Borg-Warner	86.4	38.5 (789)	2.1 (661)	32.7 (767)
48	Pillsbury	86.2	59.7 (762)	2.1 (661)	44.7 (729)
49	Minn Mining	86.1	91.1 (638)	7.7 (421)	76.6 (606)
50	Beatrice	86.0	140.1 (411)	4.6 (533)	96.4 (547)
51	Lockheed	84.6	112.8 (544)	4.7 (529)	49.5 (715)
52	Hewlett-Packard	83.0	79.2 (686)	5.8 (474)	69.5 (636)
53	BankAmerica	82.8	161.8 (334)	–4.1 (756)	1432.5 (151)
54	Texas Instruments	82.2	59.9 (760)	–1.4 (739)	37.4 (750)
55	WR Grace	82.2	63.2 (756)	1.8 (674)	65.9 (650)
56	United States Steel	79.6	231.4 (215)	3.9 (567)	231.6 (401)
57	Bell Atlantic	79.4	114.4 (531)	13.8 (247)	249.2 (393)
58	Transworld	79.2	27.2 (793)	2.7 (633)	16.8 (795)
59	May Dept Stores	77.3	65.8 (748)	3.0 (619)	44.6 (730)
60	American Brands	76.3	73.6 (717)	5.5 (484)	109.8 (519)
61	American Info Tech	76.2	118.4 (502)	14.1 (235)	238.2 (399)
62	Citicorp	76.2	295.5 (143)	13.1 (264)	2279.7 (64)
63	UAL	76.0	84.0 (663)	–0.6 (735)	103.6 (534)
64	Philip Morris Cos	75.7	160.6 (337)	16.6 (185)	230.3 (403)
65	Sperry	75.6	75.9 (706)	0.5 (716)	72.1 (629)
66	Johnson & Johnson	74.6	86.1 (653)	8.2 (402)	68.3 (643)
67	Pacific Telesis	74.2	114.6 (530)	12.5 (281)	263.4 (390)
68	Dart & Kraft	73.3	135.6 (434)	6.4 (454)	75.0 (614)
69	Raytheon	73.2	87.6 (649)	5.1 (507)	47.0 (723)
70	Melville	72.0	66.3 (746)	2.9 (623)	25.1 (784)
71	Southwestern Bell	71.9	110.2 (554)	13.9 (246)	268.3 (388)
72	Winn-Dixie Stores	71.7	112.3 (545)	1.5 (686)	17.2 (794)
73	US West	70.5	110.8 (551)	13.1 (264)	255.0 (392)
74	Chevron	69.8	597.6 (31)	22.2 (129)	556.9 (315)
75	Lucky Stores	68.0	138.0 (424)	1.3 (691)	29.2 (776)
76	American Express	67.5	175.5 (303)	12.0 (298)	1107.3 (206)
77	Halliburton	66.2	72.2 (720)	0.4 (719)	70.4 (634)
78	Great A&P Tea	65.0	101.8 (594)	0.9 (702)	24.7 (785)
78	Saga	65.0	20.6 (796)	0.3 (720)	6.9 (797)
80	Allied Stores	64.0	64.6 (751)	2.5 (645)	43.3 (734)
80	Assoc Dry Goods	64.0	68.5 (736)	1.9 (671)	35.8 (756)
82	General Mills	63.2	69.8 (731)	2.0 (667)	35.6 (757)
83	Burroughs	62.9	80.1 (682)	3.9 (567)	72.4 (627)
84	Southland	62.7	197.7 (262)	3.4 (601)	59.6 (676)
85	NCR	62.0	69.6 (732)	5.1 (507)	63.5 (659)
85	Hospital Corp	62.0	67.0 (740)	4.6 (533)	101.0 (539)
87	National Medical	62.0	44.3 (785)	2.4 (649)	50.3 (712)
87	Procter & Gamble	62.0	228.6 (217)	11.1 (330)	205.7 (416)
89	Emerson Electric	61.9	75.6 (707)	6.5 (453)	54.4 (692)
90	Litton Industries	61.9	73.9 (715)	4.0 (562)	75.4 (611)
91	Santa Fe Southern	61.5	104.7 (576)	7.6 (425)	192.1 (424)
92	Texaco	61.3	755.4 (20)	20.1 (145)	615.2 (301)
93	Ralston Purina	59.9	93.9 (625)	5.8 (474)	44.3 (732)
94	LTV	57.5	142.7 (401)	–13.4 (786)	109.8 (519)
95	Firestone	57.3	66.2 (747)	–0.1 (730)	41.9 (739)
96	CSX	56.4	129.8 (448)	–2.1 (746)	203.8 (419)
97	Dun & Bradstreet	56.0	49.5 (782)	5.3 (493)	47.7 (721)
98	Carter Hawley Hale	56.0	71.0 (725)	0.9 (702)	39.9 (746)
99	Caterpillar Tractor	55.8	120.5 (493)	3.5 (590)	107.8 (522)
100	RH Macy	55.5	81.2 (672)	3.7 (579)	45.6 (727)
101	North Amer Philips	54.6	80.5 (678)	1.5 (686)	48.4 (719)
102	Monsanto	53.4	126.3 (461)	–2.4 (748)	166.1 (436)
103	Zayre	52.5	76.9 (702)	1.8 (674)	30.1 (773)
104	Amoco	51.6	522.1 (45)	37.9 (52)	488.7 (330)
105	Dow Chemical	51.5	224.0 (222)	1.1 (698)	229.7 (404)
106	Champion Intl	50.9	113.5 (538)	3.2 (611)	119.9 (497)
107	Wickes Cos	50.0	56.1 (769)	0.8 (704)	59.1 (678)
108	Holiday Corp	49.8	36.2 (790)	2.8 (629)	49.2 (716)
109	Interco	49.5	50.7 (779)	1.6 (682)	31.9 (769)
109	AMR	49.5	123.9 (475)	7.0 (444)	129.8 (486)
109	Textron	49.5	115.6 (523)	4.5 (540)	209.0 (414)
112	Control Data	49.2	97.7 (611)	–11.5 (784)	174.0 (434)
113	Burlington Inds	49.0	57.8 (765)	0.3 (720)	43.1 (736)
114	Supermarkets Gen	48.5	105.6 (568)	1.3 (691)	22.8 (789)
115	Cigna	48.5	334.2 (118)	–15.1 (788)	923.1 (239)
116	Singer	48.0	50.3 (781)	1.7 (677)	29.0 (778)
117	Teledyne	47.4	99.5 (600)	11.5 (317)	126.8 (489)
118	Amer Home	47.3	99.1 (603)	15.2 (212)	71.8 (630)
119	Burlington Northern	46.5	185.8 (286)	14.1 (235)	268.8 (387)
120	Wendy's Intl	46.5	23.7 (795)	1.6 (682)	17.4 (793)
121	Martin Marietta	46.1	95.7 (621)	5.4 (489)	49.0 (717)
122	Owens-Illinois	45.1	82.0 (668)	3.5 (590)	73.3 (623)
123	Chase Manhattan	45.0	216.2 (229)	12.5 (281)	1947.5 (80)
124	HJ Heinz	45.0	93.9 (625)	6.4 (454)	63.9 (656)
125	Campbell Soup	44.7	93.7 (627)	4.8 (523)	61.5 (669)
126	Bethlehem Steel	44.5	115.0 (526)	–4.4 (758)	106.6 (528)
127	Union Pacific	44.4	175.6 (302)	11.3 (320)	241.1 (398)
128	Dresser Industries	44.3	93.3 (630)	–4.5 (760)	70.5 (633)
129	Northrop	44.2	114.4 (531)	4.9 (519)	52.8 (699)
130	Merrill Lynch	43.6	163.4 (332)	5.2 (500)	1104.9 (207)
131	Stop & Shop Cos	43.5	84.8 (660)	0.7 (709)	25.6 (782)
132	Standard Oil	43.2	301.3 (138)	7.1 (441)	424.8 (345)
132	Humana	43.2	52.8 (774)	5.0 (515)	65.6 (652)
134	IC Industries	43.1	102.2 (592)	3.8 (570)	111.8 (515)
135	Household Intl	43.0	78.7 (689)	4.9 (519)	277.4 (386)
136	Eaton	41.9	87.7 (648)	5.5 (484)	67.1 (646)
137	Deere	41.8	95.8 (620)	0.6 (713)	134.5 (476)
138	Occidental Petrol	41.6	349.5 (108)	10.9 (336)	278.6 (385)
139	American Medical	41.5	57.7 (766)	3.6 (585)	93.4 (556)
140	Aetna Life & Cas	41.1	453.4 (58)	9.1 (385)	1420.1 (155)
141	United Brands	41.0	75.3 (709)	0.8 (704)	24.5 (786)
142	American Standard	41.0	71.1 (724)	0.5 (716)	55.4 (689)
143	Colgate-Palmolive	40.6	111.4 (548)	2.7 (633)	69.3 (638)
144	Alcoa	40.1	128.7 (452)	–0.4 (733)	158.4 (445)
145	CPC International	40.0	105.2 (572)	3.6 (585)	75.4 (611)
145	Warner-Lambert	40.0	80.0 (683)	–7.9 (775)	59.0 (679)
147	Norfolk Southern	39.8	96.1 (619)	12.6 (278)	245.5 (395)
148	Eastern Air Lines	39.8	121.1 (489)	0.1 (723)	97.4 (546)
149	Coca-Cola	39.5	200.0 (259)	18.3 (159)	174.6 (433)
150	Natl Semiconductor	39.4	40.8 (788)	–2.4 (748)	34.3 (762)

The Forbes 500s–Jobs And Productivity

Rank	Company	Employees (000)	—Per employee ($000)— Sales (rank)	Profits (rank)	Assets (rank)
151	Pfizer	39.2	102.7 (586)	14.8 (225)	113.8 (512)
152	Anheuser-Busch	39.1	179.0 (297)	11.3 (320)	130.9 (484)
153	Georgia-Pacific	39.0	172.2 (312)	4.5 (540)	124.8 (494)
154	Avon Products	38.4	64.4 (752)	–1.6 (741)	59.7 (674)
155	Delta Air Lines	38.2	122.7 (482)	4.1 (557)	93.0 (557)
156	Cooper Industries	38.0	80.7 (677)	3.6 (585)	95.7 (552)
157	PPG Industries	37.5	115.9 (520)	8.1 (405)	108.9 (521)
158	Dana	37.5	100.3 (596)	4.4 (545)	64.7 (654)
159	Sun Company	37.4	368.2 (97)	14.1 (235)	345.6 (365)
160	Amer Cyanamid	37.3	94.8 (623)	3.5 (590)	91.3 (563)
161	Greyhound	36.9	85.8 (654)	3.3 (607)	158.5 (444)
162	Weyerhaeuser	36.4	142.8 (400)	5.5 (484)	164.8 (440)
163	Walgreen	36.0	90.7 (640)	2.7 (633)	30.8 (771)
164	Bristol-Myers	36.0	123.6 (478)	14.8 (225)	103.5 (535)
165	Kimberly-Clark	35.9	113.3 (540)	7.4 (430)	97.5 (545)
166	Albertson's	35.5	142.5 (402)	2.4 (649)	31.7 (770)
167	Castle & Cook	35.0	49.5 (782)	0.6 (713)	46.5 (724)
168	Atlantic Richfield	34.6	628.7 (29)	–5.8 (766)	586.9 (308)
169	Tandy	34.5	90.6 (641)	5.9 (472)	61.5 (669)
170	First Interstate	34.3	152.6 (352)	9.1 (385)	1428.2 (153)
171	Abbott Laboratories	34.2	98.2 (608)	13.6 (250)	101.4 (538)
172	Hilton Hotels	34.0	20.1 (797)	2.9 (623)	36.0 (755)
173	Ingersoll-Rand	33.9	77.8 (694)	2.3 (653)	66.2 (649)
174	Baxter Travenol	33.5	70.2 (727)	4.1 (557)	203.9 (418)
175	Ashland Oil	33.4	235.2 (206)	5.1 (507)	118.2 (499)
176	Armco	32.9	113.3 (540)	0.1 (723)	100.0 (542)
177	Merck	32.9	108.0 (559)	16.4 (190)	149.2 (452)
178	Allegheny Intl	32.8	62.7 (757)	–3.3 (751)	46.0 (725)
179	Penn Central	32.8	77.2 (698)	3.4 (601)	87.8 (570)
180	Borden	32.7	144.2 (397)	5.9 (472)	89.7 (566)
181	International Paper	32.6	138.1 (422)	4.0 (562)	185.2 (426)
182	Mfrs Hanover	32.3	259.8 (181)	12.6 (278)	2370.9 (61)
183	VF	32.2	46.0 (784)	4.3 (548)	26.7 (780)
184	Kidde	32.0	67.7 (737)	2.3 (653)	52.8 (699)
185	Wang Laboratories	31.7	76.6 (703)	–2.0 (744)	81.7 (585)
186	SmithKline	31.6	102.9 (584)	16.3 (194)	117.9 (501)
187	Grumman	31.5	96.9 (615)	2.6 (642)	50.4 (711)
188	Southern Company	31.4	216.9 (228)	26.4 (105)	587.9 (307)
189	Gillette	31.4	76.4 (704)	5.1 (507)	77.2 (605)
190	Zenith Electronics	31.0	52.4 (776)	–0.2 (732)	29.9 (774)
190	Jack Eckerd	31.0	82.4 (666)	–0.9 (737)	33.0 (766)
192	Harris Corp	31.0	74.5 (711)	2.0 (667)	58.2 (683)
193	Travelers	30.6	476.4 (53)	12.2 (289)	1359.3 (166)
194	Security Pacific	30.4	182.4 (292)	10.6 (354)	1762.4 (94)
195	Times Mirror	30.3	97.2 (614)	7.8 (416)	89.0 (568)
196	Lear Siegler	30.3	77.8 (694)	2.9 (623)	48.7 (718)
197	JP Stevens	30.0	57.0 (768)	–0.6 (735)	38.2 (748)
198	Gannett	29.9	73.9 (715)	8.5 (398)	77.4 (602)
199	Emhart	29.7	59.8 (761)	2.7 (633)	51.3 (710)
200	Fluor	29.6	149.2 (372)	–19.5 (789)	90.6 (564)
201	ConAgra	29.3	192.4 (274)	3.4 (601)	64.0 (655)
202	Trans World Air	29.1	128.1 (454)	–7.2 (771)	95.2 (553)
203	Walt Disney	29.0	72.2 (720)	6.1 (463)	104.4 (532)
203	Pacific G&E	29.0	290.7 (150)	35.5 (64)	658.6 (288)
205	Quaker Oats	28.6	123.2 (480)	5.7 (478)	62.8 (662)
206	Pitney Bowes	28.5	64.3 (753)	5.3 (493)	61.9 (666)
207	Eli Lilly	28.4	115.4 (525)	18.3 (159)	139.5 (468)
208	United States Shoe	28.0	68.6 (735)	2.3 (653)	30.3 (772)
209	CBS	27.9	167.6 (322)	1.0 (701)	125.8 (491)
210	FMC	27.6	118.2 (506)	7.1 (441)	97.6 (544)
211	United Telecom	27.5	116.2 (519)	0.8 (704)	209.5 (413)
212	BF Goodrich	27.5	116.5 (516)	–12.9 (785)	82.2 (583)
213	GenCorp	27.4	110.2 (554)	2.7 (633)	75.6 (608)
213	Reynolds Metals	27.4	124.7 (471)	–10.9 (781)	133.1 (478)
215	Phillips Petroleum	27.3	572.7 (37)	15.3 (210)	514.5 (325)
216	Federal Express	27.1	85.8 (654)	4.6 (533)	73.1 (624)
217	Fruehauf	26.6	96.4 (618)	2.7 (633)	67.8 (645)
218	Brown Group	26.3	53.6 (772)	2.0 (667)	24.1 (788)
219	Combustion Eng	26.2	91.9 (637)	–3.6 (753)	82.5 (582)
220	Hercules	25.9	100.1 (597)	5.2 (500)	102.8 (537)
221	Corning Glass	25.8	65.7 (749)	4.2 (551)	78.9 (592)
222	American Can	25.6	162.7 (333)	5.8 (474)	203.7 (420)
223	Chesebrough-Pond's	25.6	105.5 (570)	3.2 (611)	117.5 (502)
224	Pan Am	25.4	137.2 (429)	1.9 (671)	96.4 (547)
225	Boise Cascade	25.3	147.9 (377)	4.1 (557)	129.3 (487)
226	Owens-Corning	25.2	131.1 (447)	5.2 (500)	93.9 (554)
227	Johnson Controls	25.1	83.9 (664)	3.5 (590)	70.4 (634)
228	Carson Pirie Scott	25.0	52.1 (777)	0.7 (709)	24.4 (787)
229	American Intl	24.9	232.7 (211)	16.9 (178)	626.6 (299)
229	Revco DS	24.9	102.4 (589)	1.1 (698)	41.0 (742)
231	Ryder System	24.6	117.9 (509)	5.1 (507)	151.8 (449)
232	Super Valu Stores	24.5	307.1 (131)	3.8 (570)	65.7 (651)
233	Libbey-Owens-Ford	24.4	78.6 (691)	3.1 (615)	54.7 (691)
234	Inland Steel	24.4	122.9 (481)	–7.3 (772)	107.8 (522)
235	Whirlpool	23.8	146.2 (384)	7.7 (421)	74.1 (618)
236	AMP	23.7	69.2 (733)	4.6 (533)	65.5 (653)
237	Service Merchandise	23.5	107.4 (560)	0.5 (716)	62.0 (665)
238	Schering-Plough	23.5	82.0 (668)	8.2 (402)	118.0 (500)
239	American Motors	23.5	172.2 (312)	–5.3 (763)	85.3 (576)
240	American Electric	23.4	207.4 (246)	20.7 (142)	582.8 (310)
241	Intel	23.4	58.5 (763)	0.1 (723)	92.2 (562)
242	Squibb	23.3	87.5 (650)	9.7 (374)	105.2 (530)
243	IU International	23.3	80.8 (674)	–7.5 (774)	43.0 (737)
244	General Signal	23.2	77.6 (696)	2.1 (661)	63.9 (656)
245	Loews	23.0	291.6 (149)	25.6 (107)	701.6 (276)
246	Black & Decker	22.7	77.1 (700)	–7.3 (772)	67.0 (648)
247	Parker-Hannifin	22.6	67.2 (738)	3.5 (590)	49.8 (714)
248	EG&G	22.5	51.3 (778)	2.5 (645)	19.1 (792)
249	James River Corp	22.2	115.5 (524)	4.6 (533)	84.9 (577)
250	USG	22.1	114.3 (533)	10.1 (363)	78.4 (598)
251	Square D	22.1	61.1 (759)	4.0 (562)	50.0 (713)
252	Amfac	22.0	109.3 (556)	0.8 (704)	59.7 (674)
252	Knight-Ridder	22.0	78.6 (691)	6.0 (468)	63.4 (660)
252	Mercantile Stores	22.0	85.5 (657)	4.7 (529)	52.3 (704)
255	Morrison-Knudsen	22.0	96.5 (617)	1.9 (671)	42.6 (738)
256	Sterling Drug	22.0	79.8 (684)	5.0 (515)	74.1 (618)
257	Continental Tel	21.9	116.7 (513)	10.9 (336)	231.5 (402)
258	Toys "R" Us	21.8	90.9 (639)	5.5 (484)	56.4 (687)

The Forbes 500s–Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
259	Yellow Freight	21.4	71.4 (723)	2.6 (642)	34.9 (758)
260	Scott Paper	21.4	142.5 (402)	9.4 (380)	164.4 (442)
261	Consolidated Edison	21.3	258.4 (183)	26.5 (103)	420.4 (347)
262	Consol Freightways	21.2	89.0 (645)	3.7 (579)	53.6 (696)
263	Roadway Services	20.9	75.6 (707)	3.6 (585)	47.8 (720)
264	Armstrong World	20.8	80.8 (674)	4.9 (519)	52.6 (701)
265	Unocal	20.4	525.4 (41)	15.9 (199)	528.3 (321)
266	Upjohn	20.4	98.9 (604)	9.9 (369)	116.5 (508)
267	Duke Power	20.4	142.1 (405)	21.5 (136)	393.4 (354)
268	Baker International	20.4	93.3 (630)	4.2 (551)	100.8 (540)
269	Cummins Engine	20.3	105.6 (568)	2.5 (645)	83.9 (579)
270	Tektronix	20.2	70.1 (728)	3.5 (590)	57.4 (684)
271	Limited	20.2	118.5 (499)	7.2 (437)	60.1 (673)
272	Manville	20.1	93.5 (629)	–2.2 (747)	119.1 (498)
273	Celanese	20.0	152.3 (354)	8.9 (389)	140.5 (466)
273	Mattel	20.0	52.5 (775)	2.9 (623)	36.2 (754)
275	Waste Management	20.0	81.4 (671)	8.6 (396)	113.2 (513)
276	Chemical New York	19.9	283.8 (158)	19.6 (149)	2862.5 (45)
277	Shoney's	19.8	28.5 (792)	2.0 (667)	16.1 (796)
278	Colt Industries	19.7	80.4 (681)	7.0 (444)	63.6 (658)
279	Sherwin-Williams	19.4	112.9 (543)	3.8 (570)	54.3 (693)
280	Bally Mfg	19.4	66.7 (743)	1.3 (691)	78.7 (594)
281	Gould	19.1	74.3 (712)	–9.2 (779)	72.6 (625)
282	Enserch	19.1	177.6 (299)	–2.0 (744)	175.8 (431)
283	Brunswick	19.1	80.8 (674)	5.3 (493)	52.6 (701)
284	Commonwealth Ed	18.6	266.9 (172)	51.4 (28)	973.9 (230)
285	Giant Food	18.6	121.1 (489)	3.1 (615)	33.6 (764)
285	Transamerica	18.6	301.4 (137)	7.9 (414)	741.3 (266)
285	Tribune	18.6	104.5 (578)	6.7 (451)	131.9 (481)
288	Leaseway Transport	18.5	77.3 (697)	3.4 (601)	55.7 (688)
288	Time Inc	18.5	184.0 (289)	10.8 (344)	166.0 (437)
290	RR Donnelley	18.4	110.8 (551)	8.1 (405)	86.6 (574)
291	National Service	18.4	66.5 (744)	3.8 (570)	34.9 (758)
292	Jim Walter	18.3	123.3 (479)	6.4 (454)	153.4 (447)
293	American Greetings	18.3	53.7 (770)	4.1 (557)	51.9 (706)
294	Air Prods & Chems	18.2	102.7 (586)	8.0 (408)	147.6 (454)
295	Automatic Data	18.0	61.2 (758)	5.3 (493)	58.6 (681)
295	Bank of Boston	18.0	190.9 (276)	9.7 (374)	1572.0 (117)
295	Best Products	18.0	124.2 (474)	0.1 (723)	74.0 (620)
298	Crown Zellerbach	18.0	170.3 (320)	–1.5 (740)	133.8 (477)
299	Morton Thiokol	17.9	105.5 (570)	11.3 (320)	78.6 (596)
300	Union Camp	17.6	106.2 (565)	5.4 (489)	151.4 (450)
301	Continental Corp	17.4	292.6 (147)	3.5 (590)	660.6 (287)
301	Alco Standard	17.4	226.6 (220)	2.9 (623)	75.4 (611)
303	Marsh & McLennan	17.3	78.8 (688)	9.4 (380)	59.4 (677)
304	Becton Dickinson	17.3	66.8 (742)	5.3 (493)	73.6 (622)
305	Mead	17.3	158.9 (338)	5.4 (489)	130.1 (485)
306	EF Hutton Group	17.2	182.9 (291)	2.5 (645)	1267.0 (183)
307	Kellogg	17.2	170.7 (319)	16.4 (190)	100.6 (541)
308	Data General	17.1	70.1 (728)	0.1 (723)	74.9 (615)
309	Browning-Ferris	17.1	70.1 (728)	6.8 (448)	60.9 (672)
310	Rite Aid	17.0	90.6 (641)	3.8 (570)	44.4 (731)
311	So Calif Edison	17.0	303.8 (136)	45.5 (36)	740.2 (267)
312	Navistar Intl	16.8	205.3 (250)	6.3 (458)	125.1 (492)
313	MCA	16.5	127.2 (459)	9.1 (385)	136.6 (472)
313	Allegheny Beverage	16.5	58.1 (764)	4.3 (548)	37.1 (751)
315	Dover	16.4	87.5 (650)	6.1 (463)	61.8 (667)
316	Texas Utilities	16.4	254.8 (188)	35.9 (60)	663.9 (285)
317	Dillard Dept Stores	16.0	100.0 (598)	4.2 (551)	53.8 (695)
318	White Consolidated	16.0	121.6 (485)	2.1 (661)	71.2 (632)
319	NWA	15.9	166.9 (323)	4.6 (533)	145.8 (458)
320	Mellon Bank	15.8	203.8 (252)	12.8 (269)	2113.4 (70)
321	Anderson, Clayton	15.8	105.7 (567)	1.3 (691)	55.1 (690)
322	American General	15.7	360.6 (101)	32.2 (78)	1312.8 (177)
323	Sundstrand	15.7	82.1 (667)	4.8 (523)	83.8 (580)
324	Norwest	15.6	161.3 (336)	6.9 (446)	1373.0 (164)
325	SunTrust Banks	15.6	116.9 (512)	10.7 (351)	1246.8 (184)
326	Perkin-Elmer	15.5	84.5 (661)	5.1 (507)	81.9 (584)
327	Ex-Cell-O	15.4	74.0 (714)	3.7 (579)	51.9 (706)
328	Kemper	15.3	188.7 (281)	6.1 (463)	606.5 (303)
329	Gulf & Western	15.3	221.1 (223)	15.5 (208)	755.3 (262)
330	FPL Group	15.2	286.1 (156)	24.5 (114)	586.7 (309)
331	Westvaco	15.0	113.8 (536)	6.8 (448)	129.1 (488)
332	Ames Dept Stores	15.0	100.8 (595)	2.7 (633)	56.9 (686)
333	Petrie Stores	15.0	76.0 (705)	4.4 (545)	62.2 (663)
334	Food Lion	14.9	124.9 (469)	3.2 (611)	29.4 (775)
335	Fleming Cos	14.9	476.8 (52)	4.0 (562)	78.3 (600)
336	Olin	14.9	117.9 (509)	–11.1 (782)	107.6 (525)
337	Hershey Foods	14.8	134.6 (441)	7.6 (425)	80.8 (587)
338	Stanley Works	14.8	81.7 (670)	5.3 (493)	52.6 (701)
339	Wells Fargo	14.7	228.7 (216)	12.9 (268)	2002.0 (74)
340	Nordstrom	14.6	89.2 (644)	3.4 (601)	52.3 (704)
341	McGraw-Hill	14.6	102.4 (589)	10.1 (363)	87.4 (571)
342	Circle K	14.6	138.8 (417)	2.7 (633)	58.6 (681)
343	Gerber Products	14.5	67.2 (738)	3.5 (590)	41.3 (741)
344	Republic Airlines	14.3	121.3 (486)	4.8 (523)	90.0 (565)
345	Piedmont Aviation	14.3	107.0 (561)	4.7 (529)	104.2 (533)
346	Advanced Micro	14.2	44.0 (786)	0.0 (728)	54.0 (694)
347	Texas Air	14.1	137.8 (426)	3.4 (601)	138.4 (469)
348	First Chicago	14.1	310.1 (130)	12.0 (298)	2759.3 (49)
349	Thrifty Corp	14.0	101.9 (593)	2.3 (653)	41.5 (740)
349	Texas Eastern	14.0	389.8 (82)	2.9 (623)	385.1 (357)
351	Gt Northern Nek	13.9	139.2 (414)	3.3 (607)	141.6 (465)
352	Fort Howard Paper	13.9	98.2 (608)	11.3 (320)	110.7 (517)
353	So New England Tel	13.8	94.2 (624)	8.7 (395)	175.1 (432)
354	Alexander & Alex	13.8	66.4 (745)	–0.5 (734)	154.7 (446)
355	Mack Trucks	13.7	150.3 (366)	–4.4 (758)	77.3 (603)
356	Public Service E&G	13.7	321.3 (125)	39.7 (48)	764.3 (260)
357	Pittston	13.6	92.2 (636)	0.0 (728)	68.2 (644)
358	Middle South Utils	13.5	239.4 (203)	29.6 (88)	1009.6 (223)
359	Gen Public Utils	13.5	213.1 (234)	7.2 (437)	458.7 (337)
360	Kaiser Aluminum	13.5	150.8 (364)	–13.9 (787)	242.4 (397)
361	Dominion Resource	13.4	201.9 (256)	23.8 (122)	631.4 (298)
362	Farmers Group	13.4	74.2 (713)	13.8 (247)	198.3 (422)
363	USAir Group	13.3	133.0 (444)	8.8 (393)	147.0 (455)
364	JP Morgan	13.2	497.2 (47)	53.3 (24)	5246.5 (11)
365	CBI Industries	13.2	114.9 (527)	–3.6 (753)	85.5 (575)
366	Polaroid	13.2	98.4 (606)	2.8 (629)	105.2 (530)

The Forbes 500s–Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
367	Genuine Parts	13.1	173.8 (307)	9.6 (376)	74.5 (617)
368	National Gypsum	13.1	102.3 (591)	6.7 (451)	80.2 (589)
369	Barnett Banks Fla	13.0	121.0 (491)	9.9 (369)	1139.9 (202)
370	Hughes Tool	12.9	97.7 (611)	0.3 (720)	135.7 (473)
371	Payless Cashways	12.8	108.8 (557)	3.0 (619)	47.5 (722)
372	E-Systems	12.7	73.0 (718)	3.5 (590)	37.7 (749)
373	NL Industries	12.6	113.0 (542)	1.7 (677)	126.8 (489)
373	Crown Cork & Seal	12.6	118.1 (507)	5.7 (478)	68.8 (641)
375	General Cinema	12.5	79.6 (685)	7.3 (433)	75.5 (610)
376	Lincoln National	12.5	393.1 (79)	17.2 (174)	1085.7 (210)
377	Hammermill Paper	12.4	151.4 (359)	2.3 (653)	103.1 (536)
378	Bk of New England	12.3	139.2 (414)	10.7 (351)	1449.1 (146)
379	Centel	12.3	108.1 (558)	10.5 (356)	205.5 (417)
380	Pacific Lighting	12.3	414.7 (69)	12.7 (272)	337.1 (367)
381	Diamond Shamrock	12.2	335.7 (117)	–49.5 (797)	378.0 (359)
382	McKesson	12.2	479.6 (51)	6.0 (468)	175.9 (430)
383	MCI	12.1	210.4 (238)	11.6 (312)	373.3 (361)
384	Lowe's Cos	12.0	172.4 (311)	5.0 (515)	71.3 (631)
385	Fireman's Fund	12.0	278.9 (164)	–3.7 (755)	665.1 (283)
386	Louisiana-Pacific	12.0	105.1 (573)	2.1 (661)	116.4 (509)
387	Harsco	11.9	106.0 (566)	5.1 (507)	69.2 (639)
388	Rohm & Haas	11.9	172.7 (310)	11.9 (303)	146.0 (457)
389	Marine Midland	11.9	207.0 (247)	10.5 (356)	1970.6 (79)
390	First Union	11.9	139.9 (412)	14.6 (230)	1396.2 (160)
391	AMAX	11.8	151.2 (362)	–52.5 (798)	301.1 (374)
392	Deluxe Check	11.8	64.7 (750)	8.8 (393)	44.1 (733)
393	MCorp	11.8	187.6 (284)	11.3 (320)	1921.1 (84)
394	First Wachovia	11.7	149.9 (368)	16.0 (198)	1513.4 (131)
395	Coastal Corp	11.7	622.3 (30)	12.2 (289)	709.5 (274)
396	Weis Markets	11.7	87.3 (652)	5.2 (500)	36.7 (752)
397	Houston Industries	11.5	353.8 (106)	40.5 (46)	766.3 (259)
398	Consumers Power	11.3	291.7 (148)	–23.9 (792)	761.9 (261)
399	Collins & Aikman	11.3	96.6 (616)	5.7 (478)	53.5 (697)
400	Paine Webber	11.3	178.7 (298)	3.7 (579)	1464.0 (141)
401	InterNorth	11.2	912.9 (13)	18.2 (161)	880.8 (246)
402	Koppers	11.1	125.8 (464)	–9.1 (778)	95.8 (551)
403	Detroit Edison	11.1	250.9 (194)	39.4 (49)	854.3 (250)
404	Masco	11.0	104.9 (575)	15.0 (221)	165.2 (439)
405	Niagara Mohawk	11.0	246.1 (198)	37.6 (55)	640.5 (293)
406	Safeco	10.9	199.5 (260)	15.7 (204)	439.1 (343)
407	Columbia Gas	10.8	373.5 (94)	–8.6 (776)	537.9 (319)
408	Ethyl	10.8	201.6 (257)	10.9 (336)	281.2 (384)
408	Philadelphia Elec	10.8	280.3 (161)	48.9 (31)	945.6 (235)
410	National Distillers	10.6	184.9 (287)	7.3 (433)	190.1 (425)
411	Bankers Trust NY	10.5	448.5 (60)	35.4 (65)	4828.3 (14)
412	Tecumseh Products	10.3	80.5 (678)	5.8 (474)	61.6 (668)
413	Western Air Lines	10.3	127.4 (458)	3.5 (590)	92.8 (559)
414	Pantry Pride	10.2	43.6 (787)	–1.6 (741)	368.8 (362)
415	Citizens & So Ga	10.2	135.1 (438)	12.2 (289)	1334.1 (172)
416	Triangle Industries	10.1	163.5 (331)	3.7 (579)	146.8 (456)
417	Longs Drug Stores	10.0	148.8 (374)	3.8 (570)	40.1 (744)
418	Temple-Inland	9.9	125.6 (465)	8.6 (396)	148.4 (453)
419	InterFirst	9.9	220.9 (224)	6.2 (462)	2237.3 (68)
420	PacifiCorp	9.8	202.1 (255)	25.3 (108)	521.9 (323)
421	St Paul Cos	9.8	273.0 (169)	9.6 (376)	704.8 (275)
422	NCNB	9.7	195.1 (266)	17.0 (177)	2046.0 (73)
423	Harcourt Brace	9.6	102.9 (584)	5.3 (493)	142.4 (463)
424	Irving Bank	9.6	211.3 (237)	12.1 (297)	2255.3 (66)
425	Adolph Coors	9.6	133.8 (442)	5.6 (482)	135.4 (475)
425	First Bank System	9.6	262.1 (178)	17.4 (171)	2661.6 (54)
427	New York Times	9.6	145.9 (388)	12.2 (289)	135.7 (473)
428	Continental Illinois	9.5	303.9 (135)	14.1 (235)	3221.6 (36)
429	Central & SW	9.4	288.8 (154)	36.2 (59)	726.4 (269)
430	Avnet	9.4	148.1 (375)	3.3 (607)	95.9 (550)
431	Wetterau	9.3	357.6 (103)	3.3 (607)	68.5 (642)
432	Carolina P&L	9.3	208.6 (244)	35.7 (62)	717.6 (271)
433	Raychem	9.2	78.7 (689)	4.1 (557)	78.7 (594)
434	Northeast Utilities	9.1	228.3 (218)	31.7 (81)	674.4 (282)
435	Archer Daniels	9.1	562.2 (38)	22.1 (130)	401.7 (351)
436	Paccar	9.1	208.7 (243)	8.0 (408)	116.6 (507)
437	Baltimore G&E	9.1	193.4 (272)	27.3 (99)	461.2 (336)
438	USF&G	9.1	380.4 (87)	–5.0 (761)	823.7 (255)
439	National City	9.0	144.7 (394)	12.0 (298)	1389.3 (162)
440	Kerr-McGee	9.0	373.1 (95)	15.2 (212)	412.9 (348)
441	Intl Minerals	8.9	173.5 (308)	7.7 (421)	221.8 (408)
441	Cyclops	8.9	156.6 (344)	2.8 (629)	61.0 (671)
443	Capital Cities/ABC	8.8	116.5 (516)	16.2 (196)	215.1 (410)
444	First City Bancorp	8.7	204.5 (251)	4.8 (523)	1927.9 (81)
445	Sysco	8.7	330.7 (120)	6.3 (458)	87.1 (572)
446	NBD Bancorp	8.7	174.7 (306)	13.6 (250)	1922.7 (82)
447	Sea-Land	8.7	188.9 (280)	1.6 (682)	227.2 (405)
448	RepublicBank	8.6	245.8 (199)	16.4 (190)	2710.9 (52)
449	Pennzoil	8.5	263.1 (177)	13.3 (260)	387.8 (355)
450	First Fidelity Bncp	8.5	124.3 (472)	11.0 (333)	1484.7 (135)
451	Pennsylvania P&L	8.4	235.0 (208)	34.6 (68)	828.3 (253)
452	Gt Western Finl	8.4	405.4 (75)	24.0 (119)	3033.4 (40)
453	PNC Financial	8.4	213.8 (233)	22.4 (128)	2242.1 (67)
454	Amerada Hess	8.3	923.2 (12)	–31.4 (794)	750.2 (264)
455	Texas Commerce	8.3	234.1 (209)	6.4 (454)	2428.7 (59)
456	Witco	8.3	175.4 (304)	6.9 (446)	98.1 (543)
457	Banc One	8.2	144.5 (396)	15.8 (202)	1312.3 (178)
458	Sovran Financial	8.2	126.2 (462)	11.3 (320)	1176.6 (197)
459	Willamette Inds	8.2	141.1 (409)	7.4 (430)	112.5 (514)
460	Capital Holding	8.2	265.4 (174)	17.5 (167)	808.3 (257)
460	Beneficial Corp	8.2	252.6 (190)	12.4 (288)	1068.6 (216)
462	American Natl Ins	8.0	98.4 (606)	18.4 (157)	466.0 (335)
463	Warner Comm	8.0	279.1 (163)	24.4 (117)	285.4 (383)
464	Home Group	8.0	252.4 (191)	–23.3 (791)	635.9 (295)
465	Bausch & Lomb	8.0	75.0 (710)	8.4 (400)	78.9 (592)
466	AZP Group	7.8	149.8 (369)	35.7 (62)	679.1 (281)
467	Intl Multifoods	7.8	168.9 (321)	3.2 (611)	74.6 (616)
468	Prime Computer	7.7	99.5 (600)	7.5 (429)	77.3 (603)
469	Consol Natural Gas	7.6	430.6 (65)	27.9 (95)	498.2 (328)
470	Cabot	7.6	183.6 (290)	–11.2 (783)	214.4 (411)
471	Ohio Edison	7.6	232.3 (213)	49.1 (30)	965.1 (231)
472	Illinois Tool Works	7.6	79.0 (687)	4.2 (551)	69.1 (640)
473	Bank of New York	7.5	211.5 (236)	17.3 (173)	2452.7 (58)
474	Norstar Bancorp	7.4	118.5 (499)	12.5 (281)	1208.8 (192)

The Forbes 500s–Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
475	No States Power	7.4	242.3 (201)	26.8 (101)	548.4 (317)
476	Union Electric	7.3	217.8 (227)	46 (35)	845.9 (252)
477	Macmillan	7.3	92.7 (634)	6.1 (463)	80.5 (588)
478	Valley National	7.1	143.9 (398)	10.8 (344)	1398.3 (159)
479	Nash Finch	7.0	187.9 (283)	1.7 (677)	34.1 (763)
480	Southeast Banking	7.0	156.5 (345)	9.3 (382)	1576.6 (116)
481	Waldbaum	7.0	252.0 (192)	2.4 (649)	51.8 (708)
481	Phibro-Salomon	7.0	3985.1 (3)	79.6 (12)	12657.3 (5)
481	Hasbro	7.0	176.2 (301)	14.1 (235)	120.8 (496)
484	George A Hormel	7.0	232.7 (211)	5.6 (482)	81.2 (586)
485	Public Service Colo	7.0	250.8 (195)	15.9 (199)	429.7 (344)
486	MidCon	7.0	653.7 (27)	20.1 (145)	906.5 (242)
487	Dow Jones	6.9	151.1 (363)	20.1 (145)	171.1 (435)
488	Newmont Mining	6.8	99.9 (599)	–5.3 (763)	304.4 (372)
489	Sonat	6.8	366.0 (98)	–8.8 (777)	523.0 (322)
490	Eastern Gas & Fuel	6.8	194.8 (267)	–5.4 (765)	177.9 (429)
490	Engelhard	6.8	332.9 (119)	6.3 (458)	137.6 (471)
492	Michigan National	6.7	123.9 (475)	5.2 (500)	1086.4 (209)
493	HF Ahmanson	6.7	455.5 (57)	33.2 (74)	4093.9 (21)
494	Torchmark	6.6	205.6 (249)	25.3 (108)	564.5 (313)
494	Brown-Forman	6.6	144.7 (394)	12.5 (281)	144.7 (460)
496	Combined Intl	6.6	206.8 (248)	27.7 (97)	486.1 (331)
497	Staley Continental	6.6	434.7 (61)	1.4 (689)	248.3 (394)
498	Gelco	6.5	156.3 (346)	3.1 (615)	398.2 (352)
499	Chubb	6.5	371.2 (96)	10.9 (336)	893.5 (244)
500	Florida Progress	6.4	258.7 (182)	25.2 (110)	546.8 (318)
501	Washington Post	6.3	171.2 (317)	18.1 (163)	140.5 (466)
502	Wisconsin Electric	6.2	232.9 (210)	27.1 (100)	412.0 (349)
503	Comerica	6.2	165.4 (325)	8.5 (398)	1581.9 (115)
504	Vulcan Materials	6.2	157.6 (340)	11.6 (312)	132.8 (480)
505	Cleveland Electric	6.2	203.7 (253)	50.5 (29)	917.7 (240)
506	KeyCorp	6.1	114.9 (527)	11.1 (330)	1158.5 (201)
507	Midlantic Banks	6.1	145.3 (391)	14.8 (225)	1692.0 (104)
508	Loral	6.1	98.2 (608)	8.0 (408)	106.7 (527)
509	AH Robins	6.1	116.7 (513)	10.2 (362)	116.8 (505)
509	Snap-on Tools	6.1	97.7 (611)	9.9 (369)	76.0 (607)
511	Panhandle Eastern	5.9	489.6 (48)	21.2 (138)	851.8 (251)
512	Commerce Clearing	5.9	77.2 (698)	7.6 (425)	67.1 (646)
513	Murphy Oil	5.9	374.2 (92)	13.6 (250)	453.1 (338)
514	CalFed	5.9	388.1 (83)	23.0 (125)	3241.4 (34)
515	Williams Cos	5.9	536.7 (40)	5.4 (489)	741.4 (265)
516	No Indiana Pub Svc	5.8	327.4 (122)	18.4 (157)	657.5 (289)
517	Allegheny Power	5.8	314.5 (128)	30.7 (84)	697.3 (277)
518	Crown Central Pet	5.8	254.3 (189)	0.7 (709)	83.6 (581)
519	Hartford National	5.7	138.1 (422)	14.0 (243)	1457.7 (145)
520	Fin Corp of America	5.7	585.1 (33)	1.7 (677)	4789.2 (15)
521	Southmark	5.7	98.9 (604)	17.2 (174)	309.3 (370)
522	Clorox	5.7	191.0 (275)	16.1 (197)	132.9 (479)
523	US Bancorp	5.6	145.0 (393)	11.8 (306)	1482.3 (136)
524	Washington Natl	5.6	135.7 (433)	5.0 (515)	618.9 (300)
525	Mapco	5.6	341.1 (114)	18.6 (156)	288.1 (378)
526	Society	5.6	137.6 (428)	10.8 (344)	1568.8 (119)
527	CoreStates	5.6	186.9 (285)	34.4 (69)	1987.1 (77)
528	Alltel	5.6	120.6 (492)	12.6 (278)	286.4 (381)
529	Wilson Foods	5.5	270.3 (171)	–6.9 (770)	40.9 (743)
530	Rainier Bancorp	5.5	149.8 (369)	11.9 (303)	1528.5 (127)
531	Nicor	5.5	390.6 (80)	–27.9 (793)	373.8 (360)
532	Long Island Lighting	5.4	375.6 (90)	96.8 (8)	1469.0 (138)
533	First Wisconsin	5.4	112.0 (546)	7.3 (433)	1197.1 (194)
534	Telex	5.4	124.8 (470)	12.5 (281)	88.7 (569)
535	Potomac Electric	5.4	244.9 (200)	34.2 (71)	562.2 (314)
536	Tandem Computers	5.4	118.4 (502)	6.0 (468)	106.4 (529)
537	Shawmut	5.3	135.1 (438)	10.7 (351)	1465.4 (139)
538	Maryland National	5.3	165.3 (326)	13.7 (249)	1465.4 (139)
539	Big Three Inds	5.3	156.9 (343)	2.7 (633)	200.7 (421)
540	United Virginia	5.3	137.2 (429)	12.7 (272)	1527.6 (128)
541	Berkshire Hathaway	5.3	177.3 (300)	82.2 (10)	600.1 (305)
542	BayBanks	5.3	116.7 (513)	9.2 (384)	1191.6 (196)
543	Geico	5.3	232.0 (214)	32.4 (77)	452.4 (339)
544	Bank of Virginia	5.3	154.9 (348)	13.5 (254)	1474.9 (137)
545	Jefferson-Pilot	5.2	194.8 (267)	24.5 (114)	693.3 (279)
546	Rubbermaid	5.2	129.2 (450)	11.0 (333)	92.9 (558)
547	CityFed Financial	5.2	201.2 (258)	12.2 (289)	1598.9 (112)
548	[illegible] States Utilities	5.1	361.9 (100)	51.7 (26)	1082.0 (211)
549	Florida Natl Banks	5.1	118.6 (498)	17.4 (171)	1175.5 (198)
550	WW Grainger	5.1	216.2 (229)	14.2 (234)	142.1 (464)
551	Fleet Financial	5.0	157.8 (339)	16.3 (194)	1415.7 (156)
552	New England Elec	5.0	289.0 (153)	32.8 (76)	737.8 (268)
553	First Security	5.0	115.7 (521)	3.8 (570)	1062.1 (218)
554	GATX	5.0	140.2 (410)	–9.2 (779)	483.2 (332)
555	Maytag	4.9	138.7 (419)	14.6 (230)	74.0 (620)
556	Utah Power & Light	4.9	212.3 (235)	31.8 (80)	615.1 (302)
557	Nalco Chemical	4.9	139.0 (416)	14.9 (223)	110.3 (518)
558	Consolidated Papers	4.9	147.2 (381)	22.0 (131)	131.6 (482)
559	San Diego G&E	4.9	358.1 (102)	41.8 (41)	635.6 (296)
560	Apple Computer	4.8	362.3 (99)	14.9 (223)	211.1 (412)
561	Analog Devices	4.8	67.0 (740)	5.5 (484)	72.5 (626)
562	Tele-Comm	4.8	121.3 (486)	2.1 (661)	367.8 (364)
563	Duquesne Light	4.7	194.1 (271)	37.3 (56)	817.7 (256)
564	Lubrizol	4.7	194.7 (269)	12.8 (269)	182.1 (427)
565	Primark	4.7	401.6 (78)	11.0 (333)	334.0 (368)
566	Freeport-McMoRan	4.7	166.1 (324)	24.0 (119)	442.8 (342)
567	Price Co	4.6	456.0 (56)	10.9 (336)	107.3 (526)
568	Southwest Airlines	4.6	147.7 (378)	10.3 (360)	222.1 (407)
569	Kansas P&L	4.6	297.5 (141)	20.6 (143)	368.8 (362)
570	Entex	4.6	294.7 (145)	– 8.1 (405)	1078.4 (213)
570	Cincinnati G&E	4.6	306.9 (132)	37.0 (57)	653.7 (292)
572	AmeriTrust	4.5	209.2 (241)	17.7 (165)	2136.9 (69)
573	National Intergroup	4.5	754.8 (21)	–3.4 (752)	446.6 (341)
574	Northern Trust	4.5	164.0 (330)	7.6 (425)	1662.3 (108)
575	Coleco Industries	4.4	175.2 (305)	14.5 (232)	89.7 (566)
576	Intergraph	4.4	119.1 (495)	15.3 (210)	115.7 (510)
577	Transco Energy	4.4	848.1 (16)	26.8 (101)	963.7 (232)
578	Illinois Power	4.4	265.7 (173)	54.6 (21)	1074.1 (214)
579	NY State E&G	4.4	285.2 (157)	47.9 (32)	913.3 (241)
580	Boatmen's Bcshs	4.3	141.6 (406)	13.6 (250)	1624.4 (110)
581	Provident Life	4.3	390.1 (81)	28.9 (91)	1343.2 (170)
582	Meridian Bancorp	4.3	152.1 (356)	13.3 (260)	1440.4 (150)

The Forbes 500s–Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
583	Huntington Bcshs	4.3	146.8 (382)	12.2 (289)	1445.6 (147)
584	Boston Edison	4.3	279.5 (162)	21.9 (133)	531.2 (320)
584	State Street Boston	4.3	126.8 (460)	12.8 (269)	1544.3 (122)
586	Bowater	4.3	209.9 (239)	15.7 (204)	305.4 (371)
587	Centex	4.3	319.9 (126)	10.8 (344)	208.1 (415)
588	Mercantile Bancorp	4.3	152.0 (357)	12.2 (289)	1587.1 (113)
589	GlenFed	4.3	354.8 (104)	14.4 (233)	3467.6 (27)
590	First of America Bk	4.2	122.7 (482)	10.3 (360)	1275.2 (182)
591	First Kentucky Natl	4.2	103.6 (582)	10.1 (363)	997.2 (225)
592	Viacom Intl	4.2	107.0 (561)	8.9 (389)	384.6 (358)
593	TECO Energy	4.1	214.1 (232)	23.9 (121)	492.6 (329)
594	Oklahoma G&E	4.1	265.0 (175)	26.5 (103)	556.0 (316)
595	First Tennessee	4.1	129.6 (449)	9.3 (382)	1291.5 (180)
596	California First Bk	4.1	135.6 (434)	6.3 (458)	1331.0 (173)
597	GAF	4.1	180.7 (293)	13.4 (257)	217.1 (409)
598	ICH	4.0	376.4 (89)	35.3 (66)	946.7 (234)
599	Bear Stearns Cos	4.0	583.2 (34)	28.4 (93)	6740.1 (7)
600	PSFS	4.0	432.1 (63)	5.2 (500)	4286.1 (18)
601	South Carolina Natl	4.0	111.3 (549)	8.0 (408)	1062.8 (217)
602	Commerce Bcshs	4.0	124.3 (472)	9.6 (376)	1242.8 (187)
603	Public Service Ind	4.0	246.8 (197)	29.9 (85)	688.7 (280)
604	AmSouth Bancorp	4.0	117.2 (511)	11.8 (306)	1323.3 (175)
605	Marshall & Ilsley	3.9	121.3 (486)	10.9 (336)	1201.8 (193)
606	Manufacturers Natl	3.9	165.0 (328)	13.0 (266)	1809.8 (91)
607	Nucor	3.9	197.0 (264)	15.2 (212)	145.5 (459)
608	Community Psych	3.8	53.4 (773)	11.7 (309)	72.3 (628)
609	Scana	3.8	289.9 (151)	29.7 (87)	664.2 (284)
610	Brooklyn Union	3.8	274.4 (166)	15.8 (202)	295.2 (375)
611	US Tobacco	3.7	128.3 (453)	25.0 (112)	125.1 (492)
612	First Pennsylvania	3.7	151.7 (358)	4.5 (540)	1513.8 (130)
613	Monfort of Colorado	3.7	403.1 (77)	4.8 (523)	62.1 (664)
614	Intl Flavors & Frags	3.7	135.1 (438)	18.8 (155)	150.9 (451)
615	First RR & Banking	3.7	114.7 (529)	10.9 (336)	961.1 (233)
616	Banco Popular PR	3.7	104.1 (579)	8.9 (389)	1123.0 (204)
617	Allied Bancshares	3.7	295.5 (143)	33.3 (73)	2794.0 (47)
618	Louisville G&E	3.7	184.4 (288)	19.0 (153)	421.4 (346)
619	Texas American	3.7	180.5 (294)	7.2 (437)	1752.7 (97)
620	Old Republic Intl	3.6	203.7 (253)	17.5 (167)	572.8 (312)
621	First Maryland	3.6	127.6 (456)	7.8 (416)	1233.7 (190)
622	First Alabama	3.6	105.1 (573)	14.1 (235)	1019.1 (221)
623	Charter	3.6	413.6 (70)	–5.9 (767)	180.2 (428)
624	Arkla	3.6	277.2 (165)	16.7 (182)	471.5 (334)
625	Tambrands	3.6	118.4 (502)	17.5 (167)	92.3 (560)
626	Third National	3.5	145.6 (389)	14.1 (235)	1423.2 (154)
627	Peoples Energy	3.5	462.7 (54)	23.4 (124)	411.9 (350)
628	Montana Power	3.5	171.3 (316)	34.9 (67)	500.1 (327)
629	American Petrofina	3.5	691.7 (23)	–2.9 (750)	521.9 (323)
630	Dominion Bkshs	3.5	146.2 (384)	11.3 (320)	1355.1 (167)
631	Centerre Bancorp	3.4	149.0 (373)	7.9 (414)	1503.4 (134)
632	Fidelcor	3.4	190.7 (278)	14.1 (235)	1974.4 (78)
633	Public Service NM	3.4	219.8 (226)	42.9 (39)	883.5 (245)
634	Premier Industrial	3.4	127.6 (456)	11.6 (312)	79.0 (591)
635	Alex & Baldwin	3.4	141.4 (407)	24.8 (113)	256.0 (391)
636	Shared Medical	3.3	93.6 (628)	12.5 (281)	75.6 (608)
636	Home Federal S&L	3.3	344.3 (112)	21.8 (134)	3005.0 (41)
638	First Virginia Bks	3.3	107.0 (561)	12.0 (298)	944.9 (236)
639	United Banks Colo	3.3	145.2 (392)	10.8 (344)	1460.4 (143)
640	First Florida Banks	3.2	125.3 (466)	13.3 (260)	1245.0 (186)
641	Pioneer Hi-Bred	3.2	254.9 (187)	30.9 (83)	286.7 (380)
642	First Citizens	3.2	89.3 (643)	8.0 (408)	876.3 (248)
643	Alleghany	3.1	122.4 (484)	34.3 (70)	386.7 (356)
644	Louisiana Bcshs	3.1	142.2 (404)	11.6 (312)	1373.7 (163)
645	Bergen Brunswig	3.1	864.9 (14)	8.0 (408)	236.5 (400)
646	Portland General	3.1	264.6 (176)	56.3 (19)	825.7 (254)
647	United Jersey Bks	3.1	138.0 (424)	11.6 (312)	1431.7 (152)
648	Bancorp Hawaii	3.1	149.3 (371)	12.5 (281)	1444.4 (148)
649	First Boston	3.1	799.6 (18)	42.5 (40)	14845.5 (3)
650	Colorado Natl	3.0	111.2 (550)	1.8 (674)	977.7 (229)
651	Old Kent Financial	3.0	146.0 (387)	16.5 (188)	1441.1 (149)
652	First American	3.0	152.2 (355)	13.5 (254)	1607.6 (111)
653	First Jersey Natl	3.0	114.0 (535)	10.1 (363)	1161.6 (200)
654	Questar	2.9	219.9 (225)	21.1 (139)	343.4 (366)
655	CrossLand Savings	2.9	304.1 (134)	39.0 (51)	2741.8 (50)
656	Dayton Power & Lt	2.9	339.3 (115)	19.4 (150)	714.0 (272)
657	Tesoro Petroleum	2.9	730.5 (22)	–34.4 (795)	287.5 (379)
658	Continental Bncp	2.9	164.1 (329)	17.6 (166)	1627.4 (109)
659	SouthTrust	2.9	138.8 (417)	15.1 (218)	1462.4 (142)
660	Kansas City P&L	2.9	209.3 (240)	54.4 (22)	930.9 (237)
661	Central Ill Pub Svc	2.8	247.4 (196)	26.2 (106)	576.8 (311)
662	PHH Group	2.8	301.3 (138)	15.0 (221)	880.0 (247)
663	Central Fidelity	2.8	129.1 (451)	11.8 (306)	1246.0 (185)
664	H&R Block	2.8	194.2 (270)	19.4 (150)	116.9 (504)
665	Horizon Bancorp	2.7	113.6 (537)	11.3 (320)	1113.9 (205)
666	Equitable Bancorp	2.7	147.7 (378)	12.0 (298)	1399.7 (158)
667	Cray Research	2.7	141.2 (408)	28.1 (94)	164.6 (441)
668	Moore Financial	2.6	135.5 (436)	7.8 (416)	1309.6 (179)
669	Turner	2.6	817.2 (17)	4.2 (551)	286.0 (382)
670	Imperial Corp	2.6	373.6 (93)	–6.3 (768)	3095.0 (39)
671	Rochester G&E	2.6	286.3 (155)	41.8 (41)	712.6 (273)
672	Republic New York	2.6	483.6 (50)	47.4 (33)	5950.9 (9)
673	Delmarva P&L	2.6	283.5 (159)	37.9 (52)	656.8 (291)
674	Toledo Edison	2.5	235.2 (206)	68.6 (13)	1330.7 (174)
675	Central Bancorp	2.5	155.9 (347)	13.4 (257)	1536.1 (124)
676	American Family	2.5	381.0 (85)	21.8 (134)	906.4 (243)
676	Arizona Bancwest	2.5	148.1 (375)	11.4 (318)	1571.7 (118)
678	NW Natl Life	2.5	456.9 (55)	10.0 (368)	1237.3 (189)
678	Equitable Resource	2.5	189.2 (279)	22.0 (131)	348.0 (365)
680	General Re	2.5	850.6 (15)	54.4 (22)	2680.0 (53)
681	Conifer Group	2.5	104.6 (577)	8.4 (400)	1019.4 (220)
682	Wisconsin P&L	2.5	237.1 (204)	24.4 (117)	447.2 (340)
683	Gibraltar Financial	2.4	419.9 (67)	15.9 (199)	4030.3 (22)
684	Wisconsin Pub Svc	2.4	261.9 (179)	23.6 (123)	396.3 (353)
685	Branch Corp	2.4	118.5 (499)	9.5 (379)	1135.3 (203)
686	Mercantile Bkshs	2.4	116.5 (516)	15.1 (218)	1058.8 (219)
687	Central Bancshares	2.4	138.5 (420)	12.7 (272)	1339.8 (171)
688	So'western Pub Svc	2.4	346.2 (110)	47.0 (34)	656.9 (290)
689	Kansas Gas & Elec	2.4	171.5 (315)	40.8 (44)	980.5 (227)
690	Peoples Bancorp	2.4	106.5 (564)	6.0 (468)	995.5 (226)

The Forbes 500s–Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
691	Puget Sound P&L	2.4	300.8 (140)	53.0 (25)	1011.4 (222)
692	Golden West Finl	2.4	582.2 (35)	67.6 (14)	5124.4 (12)
693	American Fletcher	2.4	154.3 (350)	15.6 (207)	1755.6 (96)
694	Marine	2.4	151.3 (361)	11.3 (320)	1583.2 (114)
695	Affiliated Bshs Colo	2.3	118.9 (496)	4.3 (548)	1093.5 (208)
696	Cullen/Frost	2.3	152.5 (353)	4.5 (540)	1505.8 (133)
697	Public Service NH	2.3	226.9 (219)	67.5 (15)	1162.1 (199)
698	Indiana National	2.3	157.6 (340)	14.0 (243)	1921.9 (83)
699	First Commerce	2.3	136.8 (431)	9.8 (373)	1663.0 (107)
700	Valero Energy	2.3	1168.4 (10)	15.2 (212)	875.7 (249)
701	Ipalco Enterprises	2.3	208.2 (245)	31.3 (82)	721.8 (270)
702	Homestake Mining	2.2	137.8 (426)	10.8 (344)	329.3 (369)
703	First Hawaiian	2.1	139.3 (413)	12.7 (272)	1514.7 (129)
704	Commerce Union	2.1	146.3 (383)	10.9 (336)	1458.0 (144)
705	Gt Amer 1st Savings	2.1	410.7 (71)	21.4 (137)	3856.8 (23)
706	First Empire State	2.1	125.9 (463)	10.6 (354)	1213.2 (191)
707	City National	2.1	125.2 (467)	11.7 (309)	1197.1 (194)
708	Bank South	2.1	131.2 (446)	11.4 (318)	1350.3 (168)
709	Deposit Guaranty	2.1	136.5 (432)	10.5 (356)	1389.7 (161)
710	Atlantic City Elec	2.1	282.0 (160)	29.4 (89)	632.1 (297)
711	United Missouri	2.0	127.7 (455)	14.8 (225)	1861.8 (88)
712	1st Natl Cincinnati	2.0	154.2 (351)	16.7 (182)	1673.4 (106)
713	Marion Laboratories	2.0	170.8 (318)	22.9 (126)	122.7 (495)
714	Kentucky Utilities	2.0	271.9 (170)	33.2 (74)	661.4 (286)
715	Fifth Third Bancorp	2.0	151.4 (359)	22.6 (127)	1412.5 (157)
716	USLife	2.0	522.2 (44)	39.1 (50)	1706.0 (103)
717	Western Capital Inv	1.9	190.8 (277)	9.1 (385)	1557.5 (120)
718	Citizens Fidelity	1.9	195.2 (265)	21.1 (139)	2051.0 (72)
719	First Federal Mich	1.9	575.7 (36)	28.5 (92)	5266.5 (10)
720	Sunwest Financial	1.9	133.4 (443)	12.7 (272)	1237.4 (188)
721	Liz Claiborne	1.9	292.9 (146)	31.9 (79)	117.1 (503)
722	Monarch Capital	1.9	501.8 (46)	29.8 (86)	1316.8 (176)
723	Natl Bcshs Texas	1.9	154.7 (349)	13.5 (254)	1530.3 (126)
724	Riggs National	1.9	251.3 (193)	16.5 (188)	2898.1 (43)
725	First Bncp of Ohio	1.9	115.7 (521)	14.7 (229)	1283.4 (181)
726	Union National	1.9	135.4 (437)	11.1 (330)	1349.2 (169)
727	Minnesota Power	1.8	225.5 (221)	37.9 (52)	693.4 (278)
728	Super Food Services	1.8	773.7 (19)	5.2 (500)	107.8 (522)
729	Old Stone	1.8	188.4 (282)	12.2 (289)	2060.4 (71)
730	Fedl Natl Mortgage	1.8	5774.5 (1)	20.6 (143)	55324.8 (1)
731	Pennbancorp	1.8	118.3 (505)	11.2 (329)	1722.1 (101)
732	US Trust	1.8	161.7 (335)	14.0 (243)	1813.4 (90)
732	Coast S&L Assoc	1.8	410.0 (72)	4.0 (562)	4230.1 (19)
734	MeraBank	1.8	349.5 (108)	16.6 (185)	2970.7 (42)
735	Toledo Trustcorp	1.7	145.5 (390)	13.0 (266)	1748.5 (99)
736	Fourth Financial	1.7	120.1 (494)	15.2 (212)	1509.3 (132)
737	Union Planters	1.7	147.5 (380)	4.5 (540)	1371.5 (165)
738	Transohio Finl	1.7	215.6 (231)	7.8 (416)	1913.2 (86)
739	Zions Utah Bncp	1.7	165.1 (327)	16.9 (178)	1909.1 (87)
740	Sumitomo Bk Cal	1.7	179.9 (295)	7.8 (416)	1760.6 (95)
741	Idaho Power	1.6	273.9 (167)	51.5 (27)	1004.1 (224)
742	BancOklahoma	1.6	199.2 (261)	3.8 (570)	1916.5 (85)
743	Florida Federal S&L	1.6	343.4 (113)	-20.7 (790)	3267.0 (33)
744	Northeast Savings	1.6	289.2 (152)	18.2 (161)	2883.0 (44)
745	Northeast Bancorp	1.6	157.1 (342)	16.9 (178)	1533.6 (125)
746	Howard Savings	1.5	240.3 (202)	10.5 (356)	2386.7 (60)
746	Carteret Savings	1.5	384.8 (84)	16.6 (185)	3347.2 (32)
748	United Illuminating	1.5	336.6 (116)	65.1 (17)	1080.3 (212)
749	Wilmington Trust	1.5	150.3 (366)	17.8 (164)	1538.9 (123)
750	Western S&L	1.5	327.8 (121)	24.5 (114)	3209.2 (38)
751	Iowa-Illinois G&E	1.5	379.6 (88)	40.0 (47)	753.1 (263)
752	American Security	1.5	256.9 (185)	17.2 (174)	2816.7 (46)
753	Merchants Natl	1.5	179.1 (296)	11.7 (309)	1748.6 (98)
754	Dauphin Deposit	1.5	173.4 (309)	16.8 (181)	1789.0 (93)
755	Guarantee Finl	1.4	237.1 (204)	9.9 (369)	1998.8 (75)
756	FirsTier	1.4	172.0 (314)	10.1 (363)	1747.0 (100)
756	Washington Water	1.4	324.9 (124)	57.6 (18)	978.1 (228)
758	Fremont General	1.4	430.7 (64)	65.3 (16)	1070.1 (215)
759	First Capital	1.4	150.5 (365)	15.4 (209)	1686.7 (105)
760	Cincinnati Finl	1.4	448.6 (59)	40.6 (45)	926.2 (238)
761	Central Hudson Gas	1.3	380.7 (86)	45.0 (37)	783.2 (258)
762	Pacific First Finl	1.3	255.4 (186)	-5.2 (762)	2582.5 (56)
763	LIN Broadcasting	1.3	132.5 (445)	27.6 (98)	295.1 (376)
764	CenTrust	1.3	424.1 (66)	19.2 (152)	3762.8 (25)
765	Life Investors	1.3	659.3 (25)	27.9 (95)	1832.8 (89)
766	Washington Mutual	1.2	354.6 (105)	15.7 (204)	3395.9 (31)
767	Tosco	1.2	1215.3 (9)	7.1 (441)	505.5 (326)
768	Georgia Federal Bk	1.2	260.6 (180)	16.7 (182)	2314.8 (63)
769	Bks of Mid-Amer	1.2	296.5 (142)	10.8 (344)	3234.1 (35)
770	Hibernia	1.2	209.2 (241)	21.0 (141)	2473.0 (57)
771	Perpetual American	1.1	408.4 (73)	17.5 (167)	3558.7 (26)
772	American Savings	1.1	344.5 (111)	13.2 (263)	3396.2 (30)
773	El Paso Electric	1.1	319.8 (127)	106.5 (6)	1807.0 (92)
774	Tucson Electric	1.0	433.4 (62)	107.0 (5)	1553.9 (121)
775	First Columbia Finl	1.0	352.6 (107)	7.3 (433)	2350.6 (62)
776	Amer Continental	1.0	657.3 (26)	43.2 (38)	4177.6 (20)
777	Society for Savings	1.0	304.5 (133)	8.9 (389)	2592.3 (55)
778	Downey S&L	1.0	312.4 (129)	56.1 (20)	2721.9 (51)
779	Whitney Holding	0.9	273.3 (168)	35.8 (61)	2789.4 (48)
780	Pacific Resources	0.9	1598.8 (7)	25.2 (110)	638.3 (294)
781	Louisiana Land	0.8	1405.1 (8)	12.7 (272)	1718.0 (102)
781	Subaru of America	0.8	2022.2 (4)	101.9 (7)	605.3 (304)
783	Amer S&L Fla	0.8	417.8 (68)	-36.3 (796)	3422.7 (28)
784	Genentech	0.8	104.1 (579)	7.2 (437)	304.4 (372)
785	Valley Federal S&L	0.8	406.5 (74)	13.4 (257)	3213.0 (37)
786	United Financial	0.8	672.3 (24)	-4.1 (756)	6470.9 (8)
787	Student Loan	0.8	1710.8 (5)	164.4 (4)	19266.9 (2)
788	Farm & Home Sav	0.7	404.3 (76)	18.9 (154)	3836.8 (24)
789	Great Lakes Federal	0.7	375.3 (91)	20.1 (145)	3421.5 (29)
790	Comdisco	0.7	929.2 (11)	92.3 (9)	1997.8 (76)
791	Dreyfus	0.7	258.2 (184)	81.7 (11)	588.5 (306)
792	First Executive	0.7	4294.9 (2)	182.9 (3)	12949.9 (4)
793	US Health Care	0.7	523.8 (43)	36.6 (58)	293.7 (377)
794	Fin Cp Santa Barbara	0.7	487.7 (49)	4.7 (529)	4783.5 (16)
795	Citadel Holding	0.6	561.1 (39)	41.3 (43)	4976.2 (13)
796	Columbia S&L	0.6	1601.6 (6)	213.4 (2)	12419.6 (6)
797	Mesa Petroleum	0.6	642.3 (28)	303.4 (1)	2277.1 (65)
798	Far West Financial	0.5	524.5 (42)	29.3 (90)	4427.0 (17)

Ranking The Forbes 500s

This alphabetic list compares Forbes 500s companies in performance and shows their positions on the four rankings.

ONE STATISTIC ALONE is a poor measure of corporate size. That's why The Forbes 500s rank U.S.-based publicly held companies by four measures: sales, profits, assets and market value. Genentech appears on The Forbes Market Value 500 list for the first time, at 361. But with latest 12-month sales of only $82 million and profits of $5.6 million, this little company does not make any other list. In contrast, IBM is first in profits and market value and fifth and fifteenth in sales and assets, respectively. This year, 255 companies make all four rosters. And 532 are on two or more Forbes 500s lists.

Fiscal year-end results are used for companies with years ending in November, December or January. For all other firms, trailing 12 months are used for sales, profits and cash flow. Assets are for the most recently reported quarter. Market value is for Dec. 31, 1985.

Where they rank: 1985										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
353	213	36	63	**Abbott Laboratories**	3,468	3,360	8,177	465.3	621.1	34.2
■	■	274	■	**Advanced Micro Devices**	765	624	1,609	0.5	52.7	14.2
12	20	55	88	**Aetna Life & Casualty**	58,294	18,612	5,904	371.7	406.2	41.1
454	■	■	■	**Affiliated Bankshares of Colorado**	2,552	278	164	10.0	16.9	2.3
34	241	318	141	**HF Ahmanson**	27,229	3,029	1,368	220.8	281.5	6.7
434	374	239	236	**Air Products & Chemicals**	2,687	1,870	1,890	145.7	352.2	18.2
■	132	385	370	**Albertson's**	1,125	5,060	1,080	85.1	145.1	35.5
■	185	■	■	**Alco Standard**	1,313	3,942	817	49.9	89.3	17.4
■	■	327	■	**Alexander & Alexander Services**	2,127	914	1,327	–7.3	20.0	13.8
■	■	■	373	**Alexander & Baldwin**	864	477	795	83.6	119.7	3.4
■	■	■	318	**Alleghany**	1,213	384	568	107.7	114.6	3.1
■	■	■	422	**Allegheny Beverage**	612	958	161	70.3	110.4	16.5
■	337	■	■	**Allegheny International**	1,507	2,057	208	–109.1	–58.0	32.8
299	379	263	182	**Allegheny Power System**	4,059	1,831	1,665	178.4	303.5	5.8
121	■	474	284	**Allied Bancshares**	10,246	1,084	865	122.0	137.3	3.7
92	59	35	■	**Allied-Signal**	13,271	9,115	8,190	–279.0	83.0	143.8
424	174	287	216	**Allied Stores**	2,772	4,135	1,531	159.3	252.4	64.0
■	■	■	424	**Alltel**	1,596	672	612	70.1	174.4	5.6
197	124	124	■	**Aluminum Co of America**	6,354	5,163	3,133	–16.6	335.5	40.1
342	384	446	■	**AMAX**	3,561	1,789	933	–621.0	–449.7	11.8
204	81	190	■	**Amerada Hess**	6,219	7,653	2,263	–260.4	223.6	8.3
148	114	106	71	**American Brands***	8,371	5,616	3,607	420.9	531.1	76.3
238	172	273	229	**American Can***	5,215	4,165	1,611	149.1	212.8	25.6
297	■	■	■	**American Continental**	4,115	647	128	42.5	46.8	1.0
359	198	155	266	**American Cyanamid**	3,405	3,536	2,697	129.1	308.9	37.3
89	138	80	58	**American Electric Power**	13,621	4,848	4,572	485.0	898.9	23.4
7	41	12	27	**American Express**	74,777	11,850	11,771	810.0	810.0	67.5
■	■	498	500	**American Family**	2,271	955	828	54.6	60.5	2.5
296	■	■	■	**American Fletcher**	4,131	363	299	36.8	42.5	2.4
50	110	134	55	**American General**	20,668	5,677	3,039	506.4	530.3	15.7
■	■	400	400	**American Greetings**	948	979	1,048	75.0	96.5	18.3
360	147	27	30	**American Home Products**	3,395	4,685	9,487	717.1	813.8	47.3
67	61	21	17	**American Information Technology**	18,149	9,021	10,368	1,077.7	2,680.4	76.2
81	106	37	72	**American International Group**	15,571	5,782	8,126	420.5	463.3	24.9

■ Not on 500 list. *Figures include unconsolidated subsidiaries.

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
309	295	259	228	**American Medical International**	3,875	2,396	1,690	149.9	301.4	41.5
■	180	■	■	**American Motors**	2,001	4,040	303	–125.3	11.6	23.5
324	■	377	231	**American National Insurance**	3,738	789	1,094	147.8	147.8	8.0
■	291	■	■	**American Petrofina**	1,817	2,409	542	–10.2	169.2	3.5
432	■	■	■	**American Savings & Loan Assn of Fla**	2,694	329	47	–28.6	–25.6	0.8
340	■	■	■	**American Savings Bank FSB**	3,614	367	90	14.1	24.6	1.1
292	■	■	■	**American Security**	4,155	379	343	25.4	32.6	1.5
■	247	290	■	**American Standard**	2,269	2,912	1,523	22.1	118.7	41.0
346	31	218	224	**American Stores**	3,514	13,890	2,033	154.5	346.4	121.5
23	9	4	8	**American Tel & Tel**	40,463	34,910	26,733	1,556.8	4,788.4	351.4
131	■	■	385	**AmeriTrust***	9,706	950	665	80.4	90.5	4.5
■	438	439	■	**Ames Department Stores**	854	1,513	953	40.4	58.8	15.0
■	293	■	■	**Amfac**	1,313	2,405	420	17.9	62.3	22.0
40	13	7	6	**Amoco**	25,198	26,922	16,009	1,953.0	4,012.0	51.6
■	415	97	316	**AMP**	1,549	1,636	3,887	108.0	204.4	23.7
195	102	174	93	**AMR**	6,425	6,131	2,448	345.8	682.5	49.5
236	■	■	■	**AmSouth Bancorporation**	5,227	463	510	46.5	55.7	4.0
■	■	485	■	**Analog Devices**	346	320	848	26.4	50.8	4.8
■	410	■	■	**Anderson, Clayton**	868	1,666	674	19.9	55.3	15.8
243	88	57	66	**Anheuser-Busch Cos**	5,121	7,000	5,852	443.7	679.8	39.1
■	392	317	412	**Apple Computer**	1,022	1,754	1,370	72.0	119.5	4.8
336	128	159	162	**Archer Daniels Midland**	3,654	5,114	2,665	200.9	328.1	9.1
308	■	■	■	**Arizona Bancwest**	3,939	371	434	28.5	38.3	2.5
■	■	465	474	**Arkla**	1,690	993	886	59.7	119.7	3.6
369	190	■	■	**Armco**	3,293	3,733	638	3.0	155.0	32.9
■	409	390	331	**Armstrong World Industries**	1,093	1,679	1,070	100.9	164.5	20.8
306	78	395	197	**Ashland Oil**	3,943	7,843	1,065	168.9	375.3	33.4
■	162	329	289	**Associated Dry Goods**	2,289	4,385	1,320	119.7	207.3	64.0
■	■	■	462	**Atlantic City Electric**	1,300	580	520	60.5	102.5	2.1
53	16	15	■	**Atlantic Richfield**	20,279	21,723	11,458	–202.0	–199.7	34.6
■	■	206	345	**Automatic Data Processing**	1,054	1,101	2,141	95.5	214.9	18.0
■	465	348	■	**Avnet**	897	1,385	1,216	31.3	51.8	9.4
■	286	200	■	**Avon Products**	2,289	2,470	2,189	–59.9	–2.3	38.4
233	■	220	120	**AZP Group**	5,325	1,175	2,026	279.5	378.8	7.8
■	364	340	369	**Baker International**	2,052	1,898	1,252	86.3	220.2	20.4
■	492	■	■	**Bally Manufacturing**	1,529	1,295	444	25.6	137.0	19.4
290	390	226	128	**Baltimore Gas & Electric**	4,183	1,755	1,966	247.3	427.8	9.1
112	■	298	263	**Banc One**	10,823	1,192	1,491	130.4	152.9	8.2
293	■	■	■	**Banco Popular de Puerto Rico**	4,142	384	216	32.9	40.0	3.7
389	■	■	■	**BancOklahoma**	3,076	320	105	6.1	14.3	1.6
277	■	■	■	**Bancorp Hawaii**	4,439	459	320	38.6	47.2	3.1
32	204	346	189	**Bank of Boston**	28,296	3,436	1,225	173.8	206.9	18.0
70	403	373	261	**Bank of New England**	17,804	1,710	1,108	131.2	159.0	12.3
63	423	422	265	**Bank of New York**	18,486	1,594	991	130.3	152.7	7.5
165	■	■	418	**Bank of Virginia**	7,745	813	699	71.1	85.2	5.3
421	■	■	■	**Bank South**	2,788	271	304	23.5	28.9	2.1
2	36	179	■	**BankAmerica**	118,541	13,390	2,397	–337.2	–92.2	82.8
16	145	171	89	**Bankers Trust New York**	50,581	4,699	2,511	371.2	418.8	10.5
318	■	■	■	**Banks of Mid-America**	3,803	349	73	12.7	18.8	1.2
83	427	301	268	**Barnett Banks of Florida**	14,829	1,574	1,445	128.3	171.6	13.0
■	■	438	437	**Bausch & Lomb**	627	596	959	66.8	86.3	8.0

■ Not on 500 list. *Figures include unconsolidated subsidiaries.

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
184	299	116	251	**Baxter Travenol Laboratories**	6,839	2,355	3,327	137.0	271.0	33.5
200	■	■	■	**BayBanks**	6,269	614	403	48.6	68.5	5.3
35	300	378	301	**Bear Stearns Cos**	26,988	2,335	1,094	113.9	123.4	4.0
153	40	69	82	**Beatrice**	8,292	12,046	5,201	395.0	849.0	86.0
■	■	337	359	**Becton Dickinson**	1,273	1,156	1,264	91.1	149.1	17.3
55	60	19	16	**Bell Atlantic**	19,788	9,084	10,636	1,092.9	2,576.8	79.4
42	48	8	10	**BellSouth**	25,008	10,664	14,958	1,417.8	3,220.0	94.1
144	336	386	330	**Beneficial Corp**	8,709	2,059	1,076	101.2	116.7	8.2
■	265	■	■	**Bergen Brunswig**	739	2,703	403	25.0	33.0	3.1
377	■	148	69	**Berkshire Hathaway**	3,181	940	2,787	435.8	435.8	5.3
■	311	■	■	**Best Products**	1,332	2,235	408	2.2	39.9	18.0
262	127	■	■	**Bethlehem Steel**	4,743	5,118	812	–196.0	86.7	44.5
■	406	375	470	**Beverly Enterprises**	2,020	1,691	1,104	59.8	133.0	96.0
■	■	434	■	**Big Three Industries**	1,067	834	965	14.5	99.7	5.3
■	396	380	■	**Black & Decker**	1,522	1,751	1,092	–166.6	–70.9	22.7
■	■	437	■	**H&R Block**	327	542	959	54.1	72.5	2.8
176	■	■	477	**Boatmen's Bancshares**	7,055	615	489	59.2	79.0	4.3
136	34	38	41	**Boeing**	9,246	13,636	8,109	566.0	952.0	98.5
370	189	335	324	**Boise Cascade**	3,268	3,737	1,272	104.3	290.3	25.3
406	144	162	169	**Borden**	2,932	4,716	2,651	193.8	316.5	32.7
415	217	208	181	**Borg-Warner**	2,823	3,330	2,136	178.5	285.7	86.4
■	■	■	348	**Boston Edison**	2,288	1,204	744	94.2	232.7	4.3
■	■	■	434	**Bowater**	1,315	904	721	67.5	115.4	4.3
426	■	■	■	**Branch Corp**	2,766	289	257	23.1	28.3	2.4
328	155	29	49	**Bristol-Myers**	3,721	4,444	9,146	531.4	617.8	36.0
■	■	■	473	**Brooklyn Union Gas**	1,117	1,038	478	59.7	91.7	3.8
■	■	421	375	**Brown-Forman**	959	959	994	82.8	108.3	6.6
■	458	■	■	**Brown Group**	633	1,406	645	51.6	75.9	26.3
■	■	196	297	**Browning-Ferris Industries**	1,038	1,195	2,231	116.2	241.0	17.1
■	429	454	332	**Brunswick**	1,002	1,539	916	100.3	149.9	19.1
■	257	457	■	**Burlington Industries**	2,113	2,832	908	16.4	156.6	49.0
98	65	71	34	**Burlington Northern**	12,512	8,651	5,022	658.3	1,133.9	46.5
271	134	143	127	**Burroughs**	4,556	5,038	2,887	248.2	586.6	62.9
■	461	■	■	**Cabot**	1,629	1,395	726	–85.0	0.6	7.6
61	305	■	255	**CalFed**	19,005	2,276	559	134.7	177.6	5.9
230	■	■	■	**California First Bank**	5,401	550	376	25.6	37.5	4.1
429	170	123	148	**Campbell Soup**	2,749	4,185	3,193	212.4	338.2	44.7
■	■	142	240	**Capital Cities/ABC**	1,885	1,021	2,918	142.2	199.9	8.8
193	320	299	238	**Capital Holding**	6,588	2,163	1,489	142.8	160.3	8.2
190	358	185	98	**Carolina Power & Light**	6,655	1,935	2,305	331.4	573.3	9.3
■	489	■	■	**Carson Pirie Scott**	609	1,302	266	18.4	53.0	25.0
■	184	■	■	**Carter Hawley Hale Stores**	2,235	3,978	560	48.0	123.0	56.0
241	■	■	■	**Carteret Savings Bank**	5,129	590	172	25.4	37.8	1.5
■	400	■	■	**Castle & Cook**	1,627	1,733	535	20.9	47.0	35.0
210	91	92	165	**Caterpillar Tractor**	6,016	6,725	4,132	198.0	674.0	55.8
■	434	■	■	**CBI Industries**	1,128	1,516	430	–47.0	26.7	13.2
348	149	154	■	**CBS**	3,509	4,677	2,717	27.4	162.3	27.9
418	240	246	183	**Celanese**	2,809	3,046	1,806	178.0	424.0	20.0
461	480	331	267	**Centel**	2,521	1,326	1,307	128.7	308.7	12.3
240	■	■	■	**Centerre Bancorporation**	5,172	512	262	27.2	38.9	3.4
■	468	■	■	**Centex**	895	1,376	453	46.3	61.5	4.3

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
185	264	166	95	**Central & South West**	6,817	2,711	2,605	339.8	574.1	9.4
311	■	■	■	**Central Bancorporation**	3,856	391	326	33.5	42.8	2.5
373	■	■	■	**Central Bancshares of the South**	3,240	335	330	30.6	39.1	2.4
347	■	■	■	**Central Fidelity Banks**	3,511	364	350	33.3	39.8	2.8
■	■	■	475	**Central Hudson Gas & Electric**	1,039	505	362	59.7	83.9	1.3
■	■	■	404	**Central Illinois Public Service**	1,633	701	679	74.3	135.9	2.8
266	■	■	■	**CenTrust**	4,711	531	43	24.0	48.4	1.3
208	107	183	210	**Champion International**	6,098	5,770	2,311	163.1	426.3	50.9
■	444	■	■	**Charter**	647	1,485	39	–21.2	–7.7	3.6
5	55	147	42	**Chase Manhattan**	87,685	9,733	2,802	564.8	703.3	45.0
13	111	198	83	**Chemical New York**	56,990	5,651	2,220	390.2	480.0	19.9
401	266	297	378	**Chesebrough-Pond's**	3,008	2,699	1,497	82.2	210.4	25.6
24	7	10	9	**Chevron**	38,899	41,742	13,043	1,547.4	4,462.8	69.8
97	17	76	7	**Chrysler**	12,582	21,256	4,694	1,635.2	2,111.5	107.9
220	296	254	420	**Chubb**	5,763	2,394	1,730	70.5	80.8	6.5
20	23	77	■	**Cigna**	44,736	16,197	4,653	–732.5	–651.9	48.5
■	■	467	497	**Cincinnati Financial**	1,255	608	883	55.0	60.3	1.4
403	460	430	198	**Cincinnati Gas & Electric**	2,974	1,397	972	168.5	248.9	4.6
■	344	■	■	**Circle K**	853	2,020	442	39.4	78.3	14.6
380	■	■	■	**Citadel Holding**	3,140	354	119	26.0	29.1	0.6
1	14	48	21	**Citicorp**	173,597	22,504	6,388	998.0	1,347.0	76.2
90	467	381	277	**Citizens & Southern Georgia**	13,591	1,376	1,091	124.6	155.9	10.2
303	■	■	■	**Citizens Fidelity**	3,983	379	451	41.0	47.5	1.9
468	■	■	■	**City National**	2,473	259	291	24.2	29.7	2.1
154	■	■	451	**CityFed Financial**	8,234	1,036	167	62.9	75.5	5.2
222	499	222	107	**Cleveland Electric Illuminating**	5,651	1,254	2,002	310.7	407.9	6.2
■	■	336	358	**Clorox**	751	1,079	1,265	91.1	115.6	5.7
167	■	■	■	**Coast Savings & Loan Assn**	7,470	724	184	7.0	26.8	1.8
152	84	352	239	**Coastal Corp**	8,294	7,275	1,176	142.4	426.2	11.7
182	76	17	29	**Coca-Cola**	6,898	7,904	10,872	722.3	918.2	39.5
■	■	■	447	**Coleco Industries**	398	776	272	64.2	75.6	4.4
417	152	182	312	**Colgate-Palmolive**	2,814	4,524	2,314	109.4	180.5	40.6
■	■	■	444	**Collins & Aikman**	605	1,091	684	64.9	90.5	11.3
405	■	■	■	**Colorado National Bankshares**	2,937	334	239	5.4	18.5	3.0
■	426	350	250	**Colt Industries**	1,251	1,579	1,208	138.0	169.7	19.7
216	179	278	■	**Columbia Gas System**	5,835	4,053	1,601	–93.8	173.8	10.8
175	■	■	282	**Columbia Savings & Loan Assn**	7,116	918	152	122.3	128.4	0.6
376	474	262	179	**Combined International**	3,196	1,360	1,665	182.0	229.1	6.6
■	292	410	■	**Combustion Engineering**	2,161	2,408	1,025	–95.4	–29.0	26.2
■	■	■	446	**Comdisco**	1,398	650	769	64.6	83.0	0.7
129	■	■	■	**Comerica**	9,770	1,022	470	52.7	68.6	6.2
252	■	■	■	**Commerce Bancshares**	4,924	493	328	37.9	49.2	4.0
■	■	464	■	**Commerce Clearing House**	394	454	887	44.8	59.5	5.9
384	■	■	■	**Commerce Union**	3,116	313	248	23.3	29.7	2.1
68	135	62	23	**Commonwealth Edison**	18,114	4,964	5,721	955.7	1,497.7	18.6
■	■	481	■	**Community Psychiatric Centers**	278	205	853	44.8	50.5	3.8
■	112	308	339	**ConAgra**	1,873	5,631	1,410	98.3	148.0	29.3
458	■	■	■	**Conifer Group**	2,543	261	216	21.0	26.5	2.5
138	117	75	43	**Consolidated Edison**	8,945	5,498	4,776	563.7	882.6	21.3
■	368	412	391	**Consolidated Freightways**	1,134	1,882	1,020	79.3	165.2	21.2
319	221	210	149	**Consolidated Natural Gas**	3,798	3,282	2,098	212.4	465.8	7.6

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	353	322	**Consolidated Papers**	640	716	1,165	106.9	135.3	4.9
145	220	■	■	**Consumers Power**	8,615	3,298	660	–269.8	–50.9	11.3
265	■	■	■	**Continental Bancorp**	4,718	476	494	51.0	57.0	2.9
107	129	168	457	**Continental Corp**	11,495	5,092	2,591	61.3	100.3	17.4
30	253	■	256	**Continental Illinois**	30,528	2,880	457	134.0	181.0	9.5
246	275	238	130	**Continental Telecom**	5,074	2,557	1,892	239.9	578.3	21.9
146	140	486	■	**Control Data**	8,565	4,810	847	–567.5	–358.9	49.2
338	236	237	254	**Cooper Industries**	3,636	3,067	1,893	135.1	240.9	38.0
■	495	■	■	**Adolph Coors**	1,297	1,281	765	53.4	140.3	9.6
109	■	435	171	**CoreStates Financial**	11,080	1,042	964	192.0	209.8	5.6
■	407	163	319	**Corning Glass Works**	2,032	1,691	2,649	107.6	234.3	25.8
399	169	173	242	**CPC International**	3,017	4,210	2,480	142.0	290.9	40.0
■	■	228	398	**Cray Research**	443	380	1,952	75.6	116.3	2.7
159	■	■	300	**CrossLand Savings FSB**	8,022	890	203	114.0	151.7	2.9
■	447	■	■	**Crown Central Petroleum**	484	1,473	113	4.1	52.8	5.8
■	442	442	416	**Crown Cork & Seal**	866	1,487	944	71.7	115.4	12.6
478	237	359	■	**Crown Zellerbach**	2,406	3,062	1,153	–26.8	90.3	18.0
108	83	79	■	**CSX**	11,494	7,320	4,610	–118.0	291.0	56.4
352	■	■	■	**Cullen/Frost Bankers**	3,472	352	151	10.3	19.1	2.3
■	323	■	■	**Cummins Engine**	1,705	2,146	690	50.4	129.6	20.3
■	464	■	■	**Cyclops**	540	1,386	217	24.5	42.0	8.9
476	188	303	205	**Dana**	2,424	3,754	1,432	165.1	258.2	37.5
226	54	51	62	**Dart & Kraft**	5,502	9,942	6,279	466.1	657.5	73.3
■	■	356	■	**Data General**	1,281	1,199	1,160	2.4	93.9	17.1
447	■	■	■	**Dauphin Deposit**	2,598	252	283	24.3	27.5	1.5
279	64	81	117	**Dayton-Hudson**	4,418	8,793	4,459	283.6	456.5	128.0
■	■	494	489	**Dayton Power & Light**	2,077	987	838	56.5	113.2	2.9
223	183	229	■	**Deere**	5,615	3,999	1,951	24.3	219.8	41.8
■	■	483	342	**Delmarva Power & Light**	1,675	723	850	96.6	164.4	2.6
344	146	282	218	**Delta Air Lines**	3,555	4,690	1,564	156.8	515.4	38.2
■	■	223	325	**Deluxe Check Printers**	521	764	2,000	104.2	129.8	11.8
411	■	■	■	**Deposit Guaranty**	2,864	281	195	21.7	32.2	2.1
134	259	181	68	**Detroit Edison**	9,492	2,788	2,327	437.5	656.0	11.1
270	176	269	■	**Diamond Shamrock**	4,618	4,102	1,639	–604.7	–202.7	12.2
181	87	39	80	**Digital Equipment**	6,914	7,029	7,957	400.6	754.7	87.3
■	422	379	436	**Dillard Department Stores**	862	1,601	1,093	66.9	106.8	16.0
395	332	103	186	**Walt Disney**	3,027	2,093	3,655	176.0	309.1	29.0
267	■	■	■	**Dominion Bankshares**	4,689	506	359	39.3	48.2	3.5
147	263	120	102	**Dominion Resources**	8,481	2,712	3,225	319.8	676.8	13.4
■	340	177	230	**RR Donnelley & Sons**	1,593	2,038	2,429	148.4	252.1	18.4
■	451	305	334	**Dover**	1,017	1,440	1,423	100.0	153.1	16.4
103	43	41	480	**Dow Chemical**	11,830	11,537	7,797	58.0	1,035.0	51.5
■	■	132	249	**Dow Jones**	1,177	1,039	3,046	138.6	192.0	6.9
448	■	■	■	**Downey Savings & Loan Assn**	2,591	297	198	53.4	57.9	1.0
382	175	312	■	**Dresser Industries**	3,121	4,132	1,382	–201.4	–26.5	44.3
■	■	383	493	**Dreyfus**	401	176	1,084	55.6	57.0	0.7
41	10	6	14	**EI du Pont de Nemours**	25,140	29,239	16,333	1,118.0	2,914.0	151.9
158	250	109	67	**Duke Power**	8,024	2,899	3,580	437.6	900.0	20.4
436	260	50	110	**Dun & Bradstreet**	2,673	2,772	6,366	294.7	412.6	56.0
312	■	355	187	**Duquesne Light**	3,854	915	1,162	176.0	285.7	4.7
■	■	461	■	**E-Systems**	479	927	890	45.0	63.2	12.7

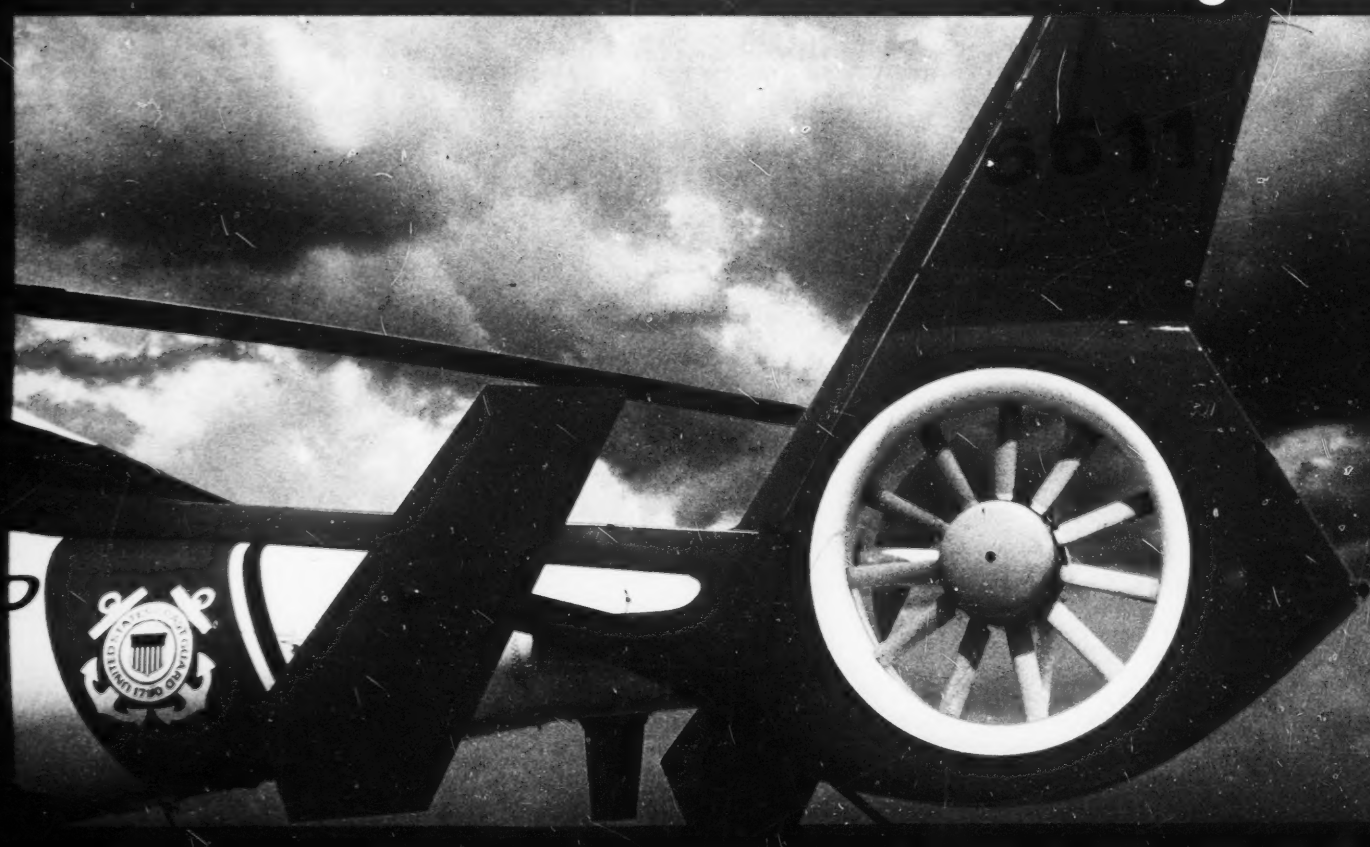
■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1985										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
310	139	■	■	**Eastern Air Lines**	3,870	4,815	364	5.9	312.4	39.8
■	481	■	■	**Eastern Gas & Fuel Associates**	1,210	1,325	558	–37.0	20.5	6.8
100	49	16	97	**Eastman Kodak**	12,135	10,631	11,426	332.0	1,163.0	126.4
416	196	209	135	**Eaton**	2,814	3,675	2,105	230.9	327.0	41.9
■	276	372	■	**Jack Eckerd**	1,024	2,556	1,108	–29.1	5.4	31.0
■	■	402	492	**EG&G**	430	1,155	1,045	55.7	70.8	22.5
■	■	■	304	**El Paso Electric**	1,919	340	539	113.1	127.8	1.1
361	148	56	77	**Emerson Electric**	3,370	4,680	5,889	402.1	553.2	61.9
■	387	458	384	**Emhart**	1,523	1,775	900	80.5	136.6	29.7
■	306	■	■	**Engelhard**	936	2,264	653	42.7	81.5	6.8
365	209	343	■	**Enserch**	3,358	3,391	1,247	–38.5	123.6	19.1
253	477	■	■	**Entex***	4,907	1,341	407	37.0	63.3	4.6
317	■	■	■	**Equitable Bancorporation**	3,804	401	261	32.6	39.7	2.7
■	■	■	498	**Equitable Resources**	862	473	180	55.0	74.6	2.5
396	317	256	293	**Ethyl***	3,023	2,168	1,711	117.1	198.9	10.8
■	■	■	483	**Ex-Cell-O**	799	1,140	683	57.6	89.2	15.4
9	2	2	2	**Exxon**	69,160	86,673	40,273	4,869.8	9,143.5	146.0
474	■	■	■	**Far West Financial**	2,426	287	101	16.1	19.2	0.5
420	■	■	■	**Farm & Home Savings Assn**	2,801	295	164	13.8	16.5	0.7
443	■	180	175	**Farmers Group**	2,652	993	2,350	184.6	206.2	13.4
■	301	131	278	**Federal Express**	1,979	2,321	3,058	124.1	318.6	27.1
3	50	240	■	**Federal National Mortgage Assn**	99,087	10,342	1,886	36.9	36.9	1.8
225	53	119	115	**Federated Department Stores**	5,527	9,978	3,251	286.6	515.2	127.7
187	■	■	■	**Fidelcor**	6,760	653	343	48.2	55.3	3.4
428	■	■	■	**Fifth Third Bancorp**	2,761	296	494	44.2	48.4	2.0

■ Not on 500 list. *Figures include unconsolidated subsidiaries

How to save a drowning man



Ranking The Forbes 500s

Where they rank: 1985 Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
33	215	■	■	**Financial Corp of America**	27,375	3,345	359	9.5	65.0	5.7
381	■	■	■	**Financial Corp of Santa Barbara**	3,133	319	41	3.1	8.5	0.7
160	214	215	■	**Fireman's Fund**	7,987	3,350	2,043	–44.3	–29.1	12.0
482	187	441	■	**Firestone Tire & Rubber**	2,400	3,794	946	–7.0	138.0	57.3
333	■	■	■	**First Alabama Bancshares**	3,684	380	502	51.1	60.5	3.6
260	■	■	■	**First American**	4,789	453	367	40.2	51.4	3.0
480	■	■	■	**First Bancorporation of Ohio**	2,404	217	271	27.5	31.1	1.9
38	283	354	204	**First Bank System**	25,484	2,510	1,162	166.8	193.3	9.6
19	288	341	264	**First Boston**	45,531	2,452	1,250	130.3	142.4	3.1
499	■	■	■	**First Capital**	2,299	205	207	21.0	24.7	1.4
25	163	288	196	**First Chicago**	38,893	4,370	1,527	169.0	243.9	14.1
427	■	■	■	**First Citizens**	2,765	282	244	25.1	30.0	3.2
76	386	■	■	**First City Bancorporation of Texas**	16,819	1,784	419	41.8	73.4	8.7
486	■	■	■	**First Columbia Financial**	2,388	358	52	7.4	11.6	1.0
320	■	■	■	**First Commerce**	3,792	312	240	22.4	31.7	2.3
456	■	■	■	**First Empire State**	2,548	264	181	22.2	26.2	2.1
143	249	471	280	**First Executive**	8,741	2,899	876	123.5	123.5	0.7
122	■	■	496	**First Federal of Michigan**	10,196	1,115	175	55.1	64.0	1.9
95	■	■	351	**First Fidelity Bancorp**	12,620	1,056	787	93.8	108.4	8.5
301	■	■	■	**First Florida Banks**	4,026	405	503	43.0	58.8	3.2
372	■	■	■	**First Hawaiian**	3,242	298	229	27.2	32.3	2.1
17	120	186	104	**First Interstate Bancorp**	48,991	5,235	2,300	313.1	415.3	34.3
355	■	■	■	**First Jersey National**	3,449	338	278	30.1	38.3	3.0
294	■	■	■	**First Kentucky National**	4,142	430	432	41.9	48.1	4.2
273	■	■	■	**First Maryland Bancorp**	4,493	465	364	28.3	42.0	3.6

■ Not on 500 list.

in a 35-knot crosswind

Rescue work at sea is seldom done in fine weather and calm seas. That's why the United States Coast Guard demands stringent requirements for their helicopters, including stability in flight – even in strong crosswinds – and **protection** against potential **tail-rotor accident** hazards.
To meet the Coast Guard's challenge Aerospatiale used its innovative "**fenestron**" technology. Advanced technology first introduced in the Gazelle in 1966, technology which has consistently proven performance, stability, safety and reliability.

This proven technology has caught the interest of the U.S. Army. The "**fenestron**" has been requested in the specifications for the Army's next generation helicopter... the **LHX**.
As we see it, advanced technology is synonymous with increased operational safety and reliability. This means adapting leading-edge technology to satisfy our customer's needs, which is one reason why the U.S.C.G. as well as fire departments, police units, hospitals, armed forces, and VIPs the world over place their trust in Aerospatiale... the world's leading helicopter exporter.

What's special that's aerospatiale.

aerospatiale

Ranking The Forbes 500s

Where they rank: 1985										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
358	■	■	■	First National Cincinnati	3,419	315	392	34.1	43.8	2.0
232	■	■	■	First of America Bank	5,326	513	353	43.2	50.8	4.2
221	■	■	■	First Pennsylvania	5,652	567	200	16.8	25.3	3.7
343	■	■	■	First Railroad & Banking Co of Ga	3,559	425	486	40.3	54.6	3.7
234	■	■	■	First Security	5,294	577	267	19.0	32.4	5.0
235	■	■	■	First Tennessee National	5,249	527	346	37.8	56.2	4.1
78	411	247	190	First Union	16,567	1,660	1,766	173.6	205.3	11.9
379	■	■	■	First Virginia Banks	3,144	356	413	40.0	47.6	3.3
71	394	244	174	First Wachovia	17,707	1,753	1,813	187.7	218.8	11.7
194	■	■	■	First Wisconsin	6,477	606	408	39.6	54.4	5.4
469	■	■	■	FirsTier	2,470	243	121	14.3	20.4	1.4
173	■	■	377	Fleet Financial Group	7,122	794	704	82.2	109.0	5.0
■	86	488	468	Fleming Cos	1,165	7,095	845	60.1	94.4	14.9
239	■	■	■	Florida Federal Savings & Loan Assn	5,175	544	164	–32.7	–25.2	1.6
213	■	■	363	Florida National Banks of Florida	5,981	603	504	88.6	104.4	5.1
350	413	302	213	Florida Progress	3,494	1,653	1,442	160.9	320.3	6.4
435	158	345	■	Fluor	2,679	4,410	1,228	–577.8	–435.1	29.6
433	224	261	167	FMC	2,691	3,261	1,683	196.6	357.8	27.6
■	376	358	■	Food Lion	440	1,866	1,158	47.6	69.0	14.9
29	4	18	4	Ford Motor	31,366	52,774	10,794	2,515.4	4,908.2	369.3
■	472	117	217	Fort Howard Paper	1,537	1,363	3,292	157.0	239.9	13.9
453	■	■	■	Fourth Financial	2,566	204	255	25.8	31.0	1.7
139	164	112	87	FPL Group	8,917	4,349	3,420	372.3	774.7	15.2
■	■	351	307	Freeport-McMoRan	2,059	772	1,202	111.5	240.2	4.7
■	■	■	362	Fremont General	1,484	597	263	90.6	92.9	1.4
■	273	■	421	Fruehauf	1,804	2,564	483	70.5	164.9	26.6
■	■	403	■	GAF	879	732	1,041	54.3	71.5	4.1
497	312	72	123	Gannett	2,313	2,209	4,918	253.3	356.8	29.9
484	■	■	■	GATX	2,392	694	438	–45.5	38.8	5.0
488	■	286	194	Geico	2,378	1,219	1,540	170.6	178.8	5.3
446	■	■	■	Gelco	2,600	1,020	270	20.1	309.4	6.5
■	242	292	399	GenCorp	2,073	3,021	1,514	75.2	212.8	27.4
■	■	361	■	Genentech	239	82	1,145	5.6	11.4	0.8
■	■	332	360	General Cinema	944	995	1,283	91.0	132.0	12.5
276	71	141	84	General Dynamics	4,448	8,164	2,919	383.3	605.9	98.0
37	11	3	5	General Electric	26,432	28,285	33,172	2,336.0	3,562.0	304.0
■	156	146	270	General Mills	2,249	4,411	2,849	126.3	236.7	63.2
11	1	5	3	General Motors	63,643	96,372	22,253	3,999.0	10,207.5	811.0
206	255	392	343	General Public Utilities	6,176	2,870	1,069	96.5	375.6	13.5
189	325	73	253	General Re	6,689	2,123	4,860	135.8	136.5	2.5
■	382	326	■	General Signal	1,483	1,801	1,332	49.3	104.2	23.2
■	304	219	271	Genuine Parts	977	2,279	2,029	126.2	143.5	13.1
422	■	■	■	Georgia Federal Bank FSB	2,787	314	200	20.1	26.2	1.2
255	92	152	184	Georgia-Pacific	4,866	6,716	2,735	177.0	487.0	39.0
■	■	475	■	Gerber Products	597	973	865	50.6	77.0	14.5
■	308	■	487	Giant Food	623	2,247	797	57.0	93.8	18.6
128	■	■	■	Gibraltar Financial	9,862	1,028	178	38.9	53.9	2.4
475	294	204	215	Gillette	2,425	2,400	2,149	159.9	246.5	31.4
84	439	■	455	GlenFed	14,751	1,509	369	61.5	101.8	4.3
101	466	432	214	Golden West Financial	12,130	1,378	967	160.0	181.7	2.4
■	228	■	■	BF Goodrich	2,260	3,201	746	–354.6	–236.5	27.5

■ Not on 500 list.

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
180	56	115	74	**Goodyear Tire & Rubber**	6,954	9,585	3,378	412.4	712.9	134.1
■	455	320	■	**Gould**	1,388	1,420	1,358	–175.7	–90.3	19.1
229	122	165	233	**WR Grace**	5,421	5,193	2,641	146.9	456.1	82.2
■	■	371	415	**WW Grainger**	718	1,092	1,110	71.8	88.9	5.1
155	■	■	■	**Great American First Savings Bank**	8,211	874	281	45.7	56.8	2.1
■	95	497	491	**Great Atlantic & Pacific Tea**	1,608	6,615	829	56.1	134.0	65.0
479	■	■	■	**Great Lakes Federal Savings & Loan**	2,405	264	65	14.1	19.8	0.7
■	357	397	■	**Great Northern Nekoosa**	1,968	1,935	1,058	46.2	158.9	13.9
39	207	309	158	**Great Western Financial**	25,471	3,404	1,390	201.7	232.4	8.4
215	231	294	286	**Greyhound***	5,853	3,171	1,503	120.1	181.4	36.9
■	239	450	381	**Grumman**	1,586	3,049	922	81.5	141.8	31.5
36	24	24	■	**GTE**	26,558	15,732	9,745	–161.1	2,036.9	184.0
413	■	■	■	**Guarantee Financial Corp of Calif**	2,860	339	78	14.1	20.8	1.4
106	211	127	132	**Gulf & Western Industries***	11,519	3,371	3,098	236.0	273.9	15.3
224	377	321	122	**Gulf States Utilities**	5,556	1,858	1,344	265.5	378.3	5.1
269	141	140	■	**Halliburton**	4,662	4,781	2,988	28.7	371.5	66.2
■	372	■	■	**Hammermill Paper**	1,278	1,877	584	28.9	87.6	12.4
■	■	484	■	**Harcourt Brace Jovanovich***	1,370	990	849	50.5	91.3	9.6
■	302	376	460	**Harris Corp**	1,801	2,307	1,097	60.7	183.2	31.0
■	496	■	463	**Harsco**	824	1,261	686	60.5	110.3	11.9
151	■	■	386	**Hartford National**	8,343	791	673	80.4	96.4	5.7
■	■	493	337	**Hasbro**	846	1,233	838	99.0	127.8	7.0
408	168	85	114	**HJ Heinz**	2,877	4,224	4,326	288.0	372.7	45.0
440	272	207	257	**Hercules**	2,659	2,587	2,140	133.2	248.7	25.9
■	348	271	306	**Hershey Foods**	1,197	1,996	1,614	112.2	164.6	14.8
218	97	28	59	**Hewlett-Packard**	5,769	6,571	9,462	482.0	792.0	83.0
412	■	■	■	**Hibernia**	2,864	242	239	24.3	27.4	1.2
■	■	275	333	**Hilton Hotels**	1,226	684	1,608	100.2	146.4	34.0
472	381	296	243	**Holiday Corp**	2,448	1,804	1,499	141.3	285.2	49.8
124	■	■	410	**Home Federal Savings & Loan**	10,019	1,148	548	72.8	86.2	3.3
245	345	433	■	**Home Group**	5,087	2,019	965	–186.0	–186.0	8.0
■	■	362	■	**Homestake Mining**	712	298	1,143	23.3	85.2	2.2
249	94	114	118	**Honeywell**	5,034	6,625	3,393	281.6	625.5	94.1
393	■	■	■	**Horizon Bancorp**	3,030	309	328	30.6	38.0	2.7
■	417	■	■	**George A Hormel**	567	1,626	492	39.2	67.7	7.0
201	173	128	116	**Hospital Corp of America**	6,259	4,152	3,090	283.7	524.5	62.0
102	210	203	150	**Household International**	11,929	3,383	2,169	210.9	510.5	43.0
141	178	135	64	**Houston Industries**	8,797	4,062	3,039	464.4	718.2	11.5
335	■	■	■	**Howard Savings Bank**	3,656	368	195	16.0	20.0	1.5
■	498	■	■	**Hughes Tool**	1,750	1,260	739	4.1	125.4	12.9
414	303	133	142	**Humana**	2,832	2,280	3,043	217.7	371.7	43.2
202	■	■	■	**Huntington Bancshares**	6,240	634	495	52.5	65.0	4.3
47	233	382	■	**EF Hutton Group**	21,749	3,139	1,084	43.7	90.6	17.2
258	160	225	212	**IC Industries**	4,818	4,405	1,966	162.8	320.9	43.1
315	436	490	241	**ICH**	3,810	1,515	843	142.1	157.2	4.0
■	■	■	372	**Idaho Power**	1,654	451	779	84.8	130.4	1.6
264	■	295	129	**Illinois Power**	4,719	1,167	1,499	240.0	319.7	4.4
■	■	468	■	**Illinois Tool Works**	522	596	882	31.5	58.9	7.6
157	■	■	■	**Imperial Corp of America**	8,047	971	146	–16.5	–3.6	2.6
280	■	■	■	**Indiana National**	4,391	360	299	32.1	38.3	2.3
■	271	396	389	**Ingersoll-Rand**	2,243	2,637	1,064	79.6	151.5	33.9

■ Not on 500 list. *Figures include unconsolidated subsidiaries.

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
445	244	■	■	**Inland Steel**	2,632	2,999	576	–178.4	–58.7	24.4
■	470	113	■	**Intel**	2,152	1,365	3,395	1.6	167.8	23.4
■	284	416	382	**Interco**	1,578	2,509	1,011	81.4	126.6	49.5
46	316	■	458	**InterFirst**	22,071	2,179	696	61.1	112.1	9.9
■	■	217	432	**Intergraph**	511	526	2,034	67.8	79.5	4.4
15	5	1	1	**International Business Machines**	52,634	50,056	95,697	6,555.0	9,874.0	400.2
■	■	300	426	**International Flavors & Fragrances**	560	501	1,482	69.7	84.3	3.7
■	430	445	431	**International Minerals & Chems**	1,963	1,535	940	68.0	185.6	8.9
■	484	■	■	**International Multifoods**	580	1,314	326	24.8	38.5	7.8
209	154	176	262	**International Paper**	6,039	4,502	2,432	131.0	398.0	32.6
127	52	221	154	**InterNorth**	9,893	10,253	2,010	203.9	632.2	11.2
■	■	■	476	**Iowa-Illinois Gas & Electric**	1,115	562	470	59.3	114.5	1.5
■	■	■	419	**Ipalco Enterprises**	1,633	471	706	70.9	122.7	2.3
48	343	■	298	**Irving Bank**	21,651	2,028	784	116.0	152.4	9.6
26	18	68	111	**ITT***	37,849	19,901	5,340	293.5	810.4	233.5
■	371	■	■	**IU International**	999	1,878	393	–173.5	–108.1	23.3
■	274	323	329	**James River Corp of Virginia**	1,880	2,558	1,341	102.0	168.4	22.2
339	■	311	269	**Jefferson-Pilot**	3,616	1,016	1,387	128.1	131.0	5.2
419	307	428	296	**Jim Walter**	2,806	2,256	978	116.3	211.5	18.3
244	99	25	35	**Johnson & Johnson**	5,095	6,421	9,623	613.7	864.2	74.6
■	329	451	364	**Johnson Controls**	1,768	2,105	921	88.4	161.6	25.1
125	15	82	140	**K mart**	9,991	22,420	4,455	221.2	581.2	310.0
371	342	■	■	**Kaiser Aluminum & Chemical**	3,261	2,029	752	–186.5	–73.8	13.5
441	■	■	222	**Kansas City Power & Light**	2,654	597	700	155.1	225.4	2.9
493	■	■	340	**Kansas Gas & Electric**	2,348	411	572	97.7	148.4	2.4
■	475	■	352	**Kansas Power & Light**	1,679	1,354	687	93.8	154.6	4.6
■	246	86	119	**Kellogg**	1,726	2,930	4,287	281.1	356.5	17.2
135	252	338	355	**Kemper**	9,264	2,882	1,261	93.3	93.3	15.3
■	■	■	441	**Kentucky Utilities**	1,309	538	579	65.6	112.4	2.0
331	216	260	252	**Kerr-McGee**	3,702	3,345	1,690	136.5	517.5	9.0
174	■	■	430	**KeyCorp**	7,122	707	643	68.4	85.0	6.1
■	319	■	411	**Kidde**	1,689	2,165	739	72.2	120.2	32.0
349	177	130	121	**Kimberly-Clark**	3,504	4,073	3,069	267.1	407.4	35.9
■	401	193	258	**Knight-Ridder Newspapers**	1,394	1,730	2,244	132.7	201.6	22.0
■	459	■	■	**Koppers**	1,066	1,400	600	–101.1	–34.7	11.1
291	22	212	180	**Kroger**	4,178	17,124	2,091	180.8	390.4	164.6
■	298	459	365	**Lear Siegler**	1,475	2,358	895	88.2	146.4	30.3
■	452	■	452	**Leaseway Transportation**	1,030	1,430	397	62.5	217.8	18.5
■	360	■	402	**Libbey-Owens-Ford**	1,337	1,922	681	74.6	130.5	24.4
500	■	■	■	**Life Investors**	2,291	824	447	34.9	38.6	1.3
305	222	42	53	**Eli Lilly**	3,954	3,271	7,777	517.6	653.8	28.4
■	297	99	237	**Limited**	1,212	2,387	3,745	145.3	225.4	20.2
■	■	426	■	**LIN Broadcasting**	382	172	983	35.8	44.8	1.3
91	137	199	146	**Lincoln National**	13,550	4,907	2,213	214.3	238.2	12.5
268	150	188	126	**Litton Industries**	4,664	4,568	2,267	248.2	410.4	61.9
■	■	404	461	**Liz Claiborne**	223	557	1,040	60.6	63.7	1.9
289	57	122	78	**Lockheed**	4,184	9,535	3,204	401.0	595.0	84.6
80	93	83	37	**Loews**	16,120	6,700	4,442	589.0	649.4	23.0
161	341	463	52	**Long Island Lighting**	7,954	2,034	888	524.3	591.0	5.4
■	446	■	■	**Longs Drug Stores**	399	1,481	666	37.7	48.5	10.0
■	■	476	■	**Loral**	651	599	861	48.7	74.3	6.1

■ Not on 500 list. *Figures include unconsolidated subsidiaries.

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
284	■	■	■	Louisiana Bancshares	4,302	445	353	36.2	47.7	3.1
■	■	495	■	Louisiana Land & Exploration	1,405	1,149	831	10.4	279.1	0.8
■	497	■	■	Louisiana-Pacific	1,397	1,261	790	25.5	133.7	12.0
■	■	■	427	Louisville Gas & Electric	1,543	675	579	69.5	112.0	3.7
■	334	436	472	Lowe's Cos	857	2,073	959	59.7	81.5	12.0
198	70	■	■	LTV	6,307	8,199	598	–771.5	–524.3	57.5
■	■	370	466	Lubrizol	854	913	1,111	60.2	109.5	4.7
■	58	334	368	Lucky Stores	1,988	9,382	1,275	86.5	186.2	68.0
■	335	■	■	Mack Trucks	1,062	2,063	313	–59.8	–30.1	13.7
■	■	487	■	Macmillan	587	677	845	44.7	69.9	7.3
460	153	121	153	RH Macy	2,531	4,506	3,205	205.8	309.0	55.5
6	69	231	76	Manufacturers Hanover	76,526	8,385	1,948	407.5	549.8	32.3
178	■	■	■	Manufacturers National	6,980	636	431	50.0	60.9	3.9
483	369	■	■	Manville	2,393	1,880	144	–45.1	39.2	20.1
■	363	■	326	Mapco	1,611	1,908	809	104.1	169.9	5.6
329	■	■	■	Marine Corp	3,720	356	211	26.6	34.8	2.4
43	287	■	274	Marine Midland Banks	23,386	2,456	719	125.1	152.8	11.9
■	■	258	■	Marion Laboratories	247	344	1,694	46.2	55.8	2.0
334	167	145	201	Marriott	3,664	4,242	2,856	167.4	279.3	137.4
■	469	139	211	Marsh & McLennan Cos	1,030	1,368	2,991	162.9	201.7	17.3
263	■	■	■	Marshall & Ilsley	4,741	479	415	43.0	54.4	3.9
■	157	227	124	Martin Marietta	2,258	4,410	1,959	249.4	381.4	46.1
164	■	■	408	Maryland National	7,792	879	639	73.0	89.8	5.3
■	■	169	207	Masco	1,817	1,154	2,588	164.5	199.0	11.0
■	■	■	479	Mattel	725	1,051	434	58.1	67.0	20.0
356	131	157	133	May Department Stores	3,442	5,080	2,673	235.4	361.5	77.3
■	■	398	414	Maytag	365	684	1,058	71.8	86.9	4.9
■	331	101	227	MCA	2,254	2,099	3,691	150.0	811.2	16.5
248	194	44	70	McDonald's	5,043	3,695	6,925	433.0	667.3	145.0
170	45	138	94	McDonnell Douglas	7,268	11,478	2,994	345.7	658.1	92.7
■	441	178	232	McGraw-Hill	1,274	1,491	2,420	147.4	190.7	14.6
272	278	161	247	MCI Communications	4,510	2,542	2,651	139.6	497.1	12.1
■	105	391	407	McKesson	2,137	5,827	1,070	73.1	123.9	12.2
45	313	478	259	MCorp	22,586	2,206	858	132.4	163.4	11.8
■	262	313	354	Mead	2,245	2,740	1,379	93.5	223.3	17.3
28	227	307	59	Mellon Bank	33,406	3,222	1,413	201.7	246.7	15.2
■	142	153	151	Melville	1,807	4,775	2,730	210.8	273.9	72.0
237	■	■	■	MeraBank	5,219	614	188	29.1	37.2	1.8
186	■	■	■	Mercantile Bancorporation	6,763	648	420	52.2	62.7	4.3
452	■	■	■	Mercantile Bankshares	2,568	283	438	36.7	73.5	2.4
■	370	360	327	Mercantile Stores	1,151	1,880	1,151	102.4	145.7	22.0
451	■	■	■	Merchants National	2,576	264	197	17.3	22.7	1.5
254	197	26	48	Merck	4,902	3,548	9,614	539.9	722.4	32.9
203	■	■	482	Meridian Bancorp	6,230	658	470	57.6	68.5	4.3
18	85	110	137	Merrill Lynch	48,117	7,117	3,502	224.3	384.8	43.6
■	■	■	199	Mesa Petroleum	1,257	355	181	167.5	304.0	0.6
172	■	■	■	Michigan National	7,252	827	424	34.4	57.6	6.7
199	151	156	246	MidCon	6,303	4,545	2,691	139.9	364.3	7.0
88	226	202	79	Middle South Utilities	13,656	3,238	2,174	401.0	666.5	13.5
119	■	470	361	Midlantic Banks	10,355	889	879	90.6	105.1	6.1
192	77	22	33	Minnesota Mining & Manufacturing	6,593	7,846	10,283	664.0	1,108.0	86.1

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	■	428	Minnesota Power	1,270	413	541	69.4	106.7	1.8
21	3	11	18	Mobil	41,752	55,960	12,353	1,040.0	3,428.0	171.3
467	■	■	490	Monarch Capital	2,486	947	403	56.3	56.3	1.9
■	440	■	■	Monfort of Colorado	231	1,499	123	18.0	31.3	3.7
140	90	102	■	Monsanto	8,877	6,747	3,665	–128.0	471.0	53.4
■	■	■	285	Montana Power	1,743	597	717	121.6	172.4	3.5
354	■	■	■	Moore Financial Group	3,459	358	179	20.6	26.5	2.6
8	96	64	31	JP Morgan	69,375	6,575	5,604	705.4	758.4	13.2
■	326	■	■	Morrison-Knudsen	936	2,122	491	41.5	69.8	22.0
■	366	253	160	Morton Thiokol	1,408	1,888	1,732	201.7	269.1	17.9
281	119	78	413	Motorola	4,370	5,443	4,638	72.0	513.0	95.1
438	314	414	388	Murphy Oil	2,661	2,198	1,018	79.7	344.6	5.9
■	■	401	405	Nalco Chemical	542	682	1,047	73.3	107.9	4.9
■	482	■	■	Nash Finch	240	1,323	160	12.0	26.3	7.0
409	■	■	■	National Bancshares Corp of Texas	2,877	291	259	25.4	31.4	1.9
99	488	■	315	National City	12,505	1,302	702	108.4	131.4	9.0
■	352	388	393	National Distillers & Chems	2,020	1,965	1,072	77.2	159.1	10.6
■	478	417	366	National Gypsum	1,051	1,340	1,008	87.6	118.4	13.1
■	206	■	■	National Intergroup	2,019	3,412	630	–15.2	12.4	4.5
383	261	249	225	National Medical Enterprises	3,116	2,744	1,755	150.7	272.5	62.0
■	421	367	■	National Semiconductor	1,350	1,606	1,120	–95.4	61.5	39.4
■	■	440	425	National Service Industries	640	1,220	952	69.8	93.6	18.4
■	202	■	323	Navistar International	2,107	3,457	538	105.4	148.0	16.8
77	435	425	291	NBD Bancorp	16,676	1,515	984	118.0	138.6	8.7
56	367	267	206	NCNB	19,754	1,884	1,652	164.5	196.0	9.7
307	166	95	103	NCR	3,940	4,317	3,940	315.2	566.3	62.0
332	449	330	208	New England Electric System	3,687	1,444	1,320	164.1	330.9	5.0
304	■	285	152	New York State Electric & Gas	3,977	1,242	1,546	208.4	306.5	4.4
■	462	224	295	New York Times	1,296	1,394	1,982	116.3	174.7	9.6
■	■	304	■	Newmont Mining	2,085	684	1,429	–36.4	39.7	6.8
177	267	167	75	Niagara Mohawk Power	7,014	2,695	2,602	411.4	587.5	11.0
■	324	■	■	Nicor	2,037	2,129	610	–152.1	–39.6	5.5
■	454	492	■	NL Industries	1,597	1,423	841	21.5	123.4	12.6
■	490	462	■	Nordstrom	763	1,302	889	50.1	87.5	14.6
130	186	70	57	Norfolk Southern	9,769	3,825	5,118	500.2	754.5	39.8
137	■	423	356	Norstar Bancorp	8,998	882	988	93.0	119.0	7.4
444	161	387	380	North American Philips	2,643	4,395	1,076	81.5	179.5	54.6
485	■	■	■	Northeast Bancorp	2,389	245	273	26.4	33.0	1.6
274	■	■	■	Northeast Savings FA	4,492	454	90	28.5	40.9	1.6
207	333	235	113	Northeast Utilities	6,148	2,081	1,904	288.5	423.3	9.1
314	362	■	321	Northern Indiana Public Service	3,833	1,909	721	107.1	246.8	5.8
300	385	266	166	Northern States Power	4,048	1,789	1,657	197.7	422.0	7.4
166	■	■	■	Northern Trust	7,500	740	421	34.1	47.4	4.5
494	133	216	145	Northrop	2,333	5,057	2,043	214.4	407.8	44.2
386	■	■	■	Northwestern National Life Insurance	3,093	1,142	225	25.1	25.1	2.5
49	282	447	319	Norwest	21,419	2,516	930	107.6	164.7	15.6
■	■	■	478	Nucor	560	758	771	58.5	89.6	3.9
496	270	419	406	NWA	2,320	2,655	1,002	73.1	255.7	15.9
51	51	23	15	Nynex	20,600	10,314	9,881	1,095.3	2,528.5	92.3
105	29	111	65	Occidental Petroleum	11,586	14,534	3,442	455.0	1,335.1	41.6
169	391	192	90	Ohio Edison	7,290	1,755	2,245	370.7	544.8	7.6

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	357	313	**Oklahoma Gas & Electric**	2,276	1,085	1,158	108.6	187.1	4.1
283	■	■	■	**Old Kent Financial**	4,323	438	403	49.4	57.3	3.0
■	■	■	449	**Old Republic International**	2,088	743	496	63.9	63.9	3.6
330	■	■	■	**Old Stone**	3,705	339	126	21.9	31.2	1.8
■	395	482	■	**Olin**	1,598	1,751	853	–165.4	–39.3	14.9
490	219	368	260	**Owens-Corning Fiberglas**	2,366	3,305	1,117	131.2	256.5	25.2
367	193	280	219	**Owens-Illinois**	3,306	3,696	1,587	156.1	337.5	45.1
■	365	489	409	**Paccar**	1,057	1,893	844	72.9	94.0	9.1
364	■	■	■	**Pacific First Financial**	3,360	332	84	–6.7	–3.6	1.3
60	68	46	19	**Pacific Gas & Electric**	19,098	8,431	6,747	1,030.8	1,574.0	29.0
295	130	230	221	**Pacific Lighting**	4,133	5,083	1,950	156.0	347.4	12.3
■	471	■	■	**Pacific Resources**	544	1,364	159	21.5	32.3	0.9
57	67	30	24	**Pacific Telesis Group**	19,538	8,499	9,085	929.1	2,167.1	74.2
242	349	213	125	**PacifiCorp**	5,122	1,983	2,059	248.5	504.2	9.8
79	347	■	■	**Paine Webber Group**	16,470	2,010	721	42.0	58.6	11.3
471	200	405	■	**Pan Am**	2,448	3,484	1,036	48.8	257.1	25.4
250	251	257	275	**Panhandle Eastern**	5,026	2,889	1,701	125.0	339.7	5.9
■	433	389	387	**Parker-Hannifin**	1,127	1,520	1,071	80.1	127.7	22.6
■	463	■	■	**Payless Cashways**	606	1,388	546	38.1	63.3	12.8
410	279	214	308	**Penn Central**	2,874	2,527	2,045	110.8	238.9	32.8
390	■	■	■	**Pennbancorp**	3,076	211	421	20.0	24.1	1.8
117	33	91	81	**JC Penney**	10,522	13,747	4,137	397.2	609.5	178.5
179	350	205	112	**Pennsylvania Power & Light**	6,966	1,977	2,142	290.6	510.4	8.4
368	309	164	303	**Pennzoil**	3,300	2,239	2,643	113.2	449.1	8.5
487	■	■	■	**Peoples Bancorporation**	2,380	255	189	14.3	22.0	2.4
■	420	■	379	**Peoples Energy**	1,440	1,617	639	81.7	126.4	3.5
214	73	49	47	**PepsiCo**	5,861	8,057	6,381	543.7	834.5	150.0
■	485	315	390	**Perkin-Elmer**	1,269	1,310	1,375	79.5	125.7	15.5
302	■	■	■	**Perpetual American Bank**	4,018	461	175	19.7	33.7	1.1
■	■	365	440	**Petrie Stores**	933	1,140	1,121	66.0	104.2	15.0
275	182	34	40	**Pfizer**	4,463	4,025	8,295	579.7	709.2	39.2
466	■	■	■	**PHH Group**	2,490	853	611	42.4	50.3	2.8
4	12	47	44	**Phibro-Salomon**	88,601	27,896	6,447	557.0	582.0	7.0
123	243	129	51	**Philadelphia Electric**	10,165	3,014	3,087	525.3	710.3	10.8
72	39	20	12	**Philip Morris Cos**	17,429	12,149	10,548	1,255.0	1,679.0	75.7
86	25	151	73	**Phillips Petroleum**	14,045	15,636	2,754	418.0	1,462.0	27.3
■	432	■	438	**Piedmont Aviation**	1,487	1,527	566	66.7	171.7	14.3
313	125	158	176	**Pillsbury**	3,848	5,146	2,668	184.5	327.2	86.2
■	■	349	336	**Pioneer Hi-Bred International**	923	821	1,213	99.5	127.8	3.2
■	378	243	226	**Pitney Bowes**	1,763	1,832	1,832	150.4	254.0	28.5
■	500	■	■	**Pittston**	925	1,251	469	0.3	53.8	13.6
62	383	264	173	**PNC Financial**	18,778	1,790	1,664	187.8	209.7	8.4
■	491	325	■	**Polaroid**	1,385	1,295	1,339	36.9	93.8	13.2
450	■	418	188	**Portland General**	2,579	827	1,006	175.9	285.4	3.1
397	483	270	177	**Potomac Electric Power**	3,020	1,316	1,629	183.6	290.0	5.4
298	165	136	109	**PPG Industries**	4,084	4,346	3,023	302.7	521.7	37.5
■	■	477	■	**Premier Industrial**	269	434	859	39.3	48.5	3.4
■	328	276	■	**Price Co**	496	2,107	1,602	50.6	56.2	4.6
■	373	■	■	**Primark**	1,557	1,872	471	51.2	112.8	4.7
■	■	406	481	**Prime Computer**	597	770	1,028	57.8	107.4	7.7
94	30	13	32	**Procter & Gamble**	12,745	14,162	11,701	690.0	1,097.0	62.0

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
217	408	424	276	**Provident Life & Accident**	5,812	1,688	986	125.0	141.4	4.3
74	402	■	■	**PSFS**	17,153	1,729	355	21.0	90.4	4.0
402	397	374	309	**Public Service Co of Colorado**	2,995	1,747	1,106	110.7	225.1	7.0
430	■	■	290	**Public Service Co of Indiana**	2,721	975	390	118.2	204.1	4.0
437	■	■	223	**Public Service Co of New Hampshire**	2,662	520	311	154.7	180.4	2.3
400	■	366	234	**Public Service Co of New Mexico**	3,010	749	1,120	146.3	209.2	3.4
118	159	88	46	**Public Service Electric & Gas**	10,487	4,409	4,165	544.6	874.5	13.7
481	■	452	272	**Puget Sound Power & Light**	2,401	714	919	125.9	204.0	2.4
■	199	191	209	**Quaker Oats**	1,792	3,517	2,261	163.4	241.7	28.6
■	■	■	454	**Questar**	1,005	644	567	61.7	118.3	2.9
150	■	■	442	**Rainier Bancorporation**	8,349	818	696	65.2	77.7	5.5
442	113	108	92	**Ralston Purina**	2,653	5,617	3,584	347.9	493.9	59.9
■	■	384	■	**Raychem**	723	724	1,082	37.3	73.9	9.2
357	100	89	85	**Raytheon**	3,441	6,409	4,165	375.9	585.5	73.2
188	63	65	91	**RCA**	6,702	8,972	5,386	369.1	628.5	96.5
■	399	■	429	**Republic Airlines**	1,286	1,734	361	69.2	145.7	14.3
82	■	469	283	**Republic New York**	15,324	1,245	879	122.1	132.8	2.6
44	330	456	245	**RepublicBank**	23,206	2,104	908	140.2	180.1	8.6
■	277	500	■	**Revco DS**	1,019	2,546	823	28.1	59.2	24.9
321	■	■	■	**Revlon Group**	3,762	445	386	–16.6	–8.6	10.2
75	35	40	20	**RJ Reynolds Industries**	16,930	13,533	7,862	1,001.0	1,450.0	122.5
337	205	■	■	**Reynolds Metals**	3,647	3,416	822	–297.5	–132.8	27.4
228	■	■	■	**Riggs National**	5,434	471	371	31.0	38.9	1.9
■	428	394	448	**Rite Aid**	756	1,543	1,067	63.9	93.8	17.0
■	425	310	397	**Roadway Services**	1,000	1,580	1,388	75.9	157.6	20.9
■	■	■	456	**AH Robins**	707	706	275	61.4	77.8	6.1
■	■	■	314	**Rochester Gas & Electric**	1,850	743	670	108.5	172.5	2.6
171	42	67	39	**Rockwell International**	7,261	11,741	5,342	580.6	1,080.6	114.5
■	338	248	244	**Rohm & Haas**	1,734	2,051	1,759	141.2	241.7	11.9
■	■	342	486	**Rubbermaid**	483	671	1,248	57.1	87.4	5.2
322	248	279	273	**Ryder System**	3,741	2,905	1,596	125.3	450.5	24.6
261	318	283	195	**Safeco**	4,764	2,165	1,560	170.4	170.4	10.9
257	19	194	134	**Safeway Stores**	4,841	19,651	2,244	231.3	564.7	166.5
■	479	■	■	**Saga**	446	1,340	339	22.5	56.0	65.0
183	268	277	349	**St Paul Cos**	6,898	2,672	1,601	94.2	106.2	9.8
387	398	293	157	**San Diego Gas & Electric**	3,086	1,739	1,507	202.7	335.2	4.9
104	98	53	61	**Santa Fe Southern Pacific**	11,808	6,438	5,917	469.6	1,038.7	61.5
362	72	150	144	**Sara Lee**	3,365	8,080	2,756	216.4	351.4	91.9
457	■	364	302	**Scana**	2,544	1,110	1,123	113.6	223.1	3.8
423	359	137	170	**Schering-Plough**	2,773	1,927	3,007	192.6	256.7	23.5
345	238	242	161	**Scott Paper**	3,517	3,050	1,838	201.1	374.4	21.4
■	416	■	■	**Sea-Land**	1,966	1,634	540	14.2	119.6	8.7
10	8	9	11	**Sears, Roebuck**	66,417	40,715	14,153	1,303.3	1,753.3	462.0
14	116	175	101	**Security Pacific**	53,503	5,537	2,440	322.9	413.7	30.4
■	280	■	■	**Service Merchandise**	1,459	2,526	412	10.7	54.7	23.5
■	■	466	■	**Shared Medical Systems**	252	312	883	41.7	60.6	3.3
163	■	■	485	**Shawmut**	7,623	721	497	57.3	75.3	5.3
■	315	413	401	**Sherwin-Williams**	1,056	2,195	1,019	74.6	103.7	19.4
■	■	491	■	**Shoney's**	318	562	842	38.8	62.3	19.8
■	290	■	376	**Singer**	1,392	2,416	729	82.3	150.0	48.0
327	225	58	54	**SmithKline Beckman**	3,733	3,257	5,846	514.4	647.8	31.6

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	■	479	471	**Snap-on Tools**	460	591	857	59.7	72.5	6.1
142	■	■	464	**Society**	8,749	767	598	60.3	73.8	5.6
464	■	■	■	**Society for Savings**	2,507	294	125	8.6	12.7	1.0
341	285	314	■	**Sonat**	3,570	2,498	1,376	–60.1	446.1	6.8
287	■	■	■	**South Carolina National**	4,212	441	438	31.7	46.3	4.0
110	■	■	443	**Southeast Banking**	11,052	1,097	606	64.9	97.6	7.0
96	123	60	28	**Southern California Edison**	12,593	5,169	5,769	774.1	1,228.7	17.0
64	89	52	26	**Southern Company**	18,467	6,814	5,983	829.6	1,435.9	31.4
477	487	319	287	**Southern New England Telephone**	2,424	1,304	1,360	119.9	306.1	13.8
325	38	211	147	**Southland**	3,736	12,383	2,093	212.5	399.5	62.7
■	■	■	341	**Southmark**	1,754	561	376	97.4	115.5	5.7
288	■	■	■	**SouthTrust**	4,210	400	430	43.6	48.8	2.9
■	■	472	■	**Southwest Airlines**	1,022	680	867	47.3	101.2	4.6
59	75	32	22	**Southwestern Bell**	19,291	7,925	8,518	996.2	2,298.6	71.9
■	■	393	305	**Southwestern Public Service**	1,575	830	1,069	112.7	166.1	2.4
133	■	496	357	**Sovran Financial**	9,672	1,037	829	92.6	118.2	8.2
227	108	125	■	**Sperry**	5,448	5,736	3,128	37.4	261.0	75.6
■	476	344	367	**Square D**	1,103	1,348	1,234	87.2	133.0	22.1
470	339	87	136	**Squibb**	2,453	2,042	4,278	226.6	266.2	23.3
■	256	■	■	**Staley Continental**	1,631	2,854	760	9.5	102.7	6.6
66	37	14	108	**Standard Oil**	18,330	13,002	11,698	308.0	1,694.0	43.2
■	■	460	392	**Stanley Works**	778	1,208	891	78.3	114.9	14.8
191	■	■	495	**State Street Boston**	6,653	546	703	55.3	62.7	4.3
■	393	195	311	**Sterling Drug**	1,629	1,754	2,238	109.7	144.4	22.0
■	405	■	■	**JP Stevens**	1,143	1,706	543	–17.3	28.1	30.0
■	195	■	■	**Stop & Shop Cos**	1,112	3,689	542	30.3	96.9	43.5
85	494	289	281	**Student Loan Marketing Assn**	14,450	1,283	1,526	123.3	125.7	0.8
■	412	444	374	**Subaru of America**	495	1,654	941	83.3	87.7	0.8
407	■	■	■	**Sumitomo Bank of California**	2,907	297	122	12.9	18.3	1.7
93	32	63	50	**Sun Company**	12,923	13,769	5,619	527.0	1,220.0	37.4
■	493	415	403	**Sundstrand**	1,311	1,284	1,017	74.4	145.8	15.7
58	380	235	203	**SunTrust Banks**	19,406	1,819	1,904	166.8	223.3	15.6
491	■	■	■	**Sunwest Financial Service**	2,360	254	249	24.3	30.0	1.9
■	457	■	■	**Super Food Services**	196	1,408	125	9.5	14.1	1.8
■	82	265	350	**Super Valu Stores**	1,612	7,538	1,662	94.0	115.4	24.5
■	126	455	450	**Supermarkets General**	1,104	5,123	910	63.7	133.3	48.5
■	254	427	499	**Sysco**	758	2,877	980	54.8	82.5	8.7
■	■	420	453	**Tambrands**	328	420	999	62.2	69.9	3.6
■	■	448	■	**Tandem Computers**	570	635	926	32.0	70.1	5.4
■	234	104	155	**Tandy**	2,120	3,126	3,638	203.9	259.1	34.5
■	■	429	338	**TECO Energy**	2,039	886	977	98.7	181.0	4.1
■	■	■	469	**Tecumseh Products**	635	829	621	60.1	85.5	10.3
■	456	369	423	**Tektronix**	1,162	1,420	1,115	70.2	151.3	20.2
■	■	251	■	**Tele-Communications**	1,751	577	1,746	10.1	123.1	4.8
211	143	98	45	**Teledyne***	6,008	4,717	3,868	546.4	658.3	47.4
■	■	473	435	**Telex**	478	672	866	67.1	101.6	5.4
■	■	399	371	**Temple-Inland**	1,469	1,243	1,055	85.1	151.7	9.9
52	26	59	192	**Tenneco**	20,437	15,270	5,835	172.0	1,326.0	104.5
■	327	■	■	**Tesoro Petroleum**	834	2,118	130	–99.6	25.3	2.9
27	6	43	13	**Texaco**	37,703	46,297	7,168	1,233.0	4,276.0	61.3
■	354	■	■	**Texas Air**	1,953	1,944	299	48.6	136.7	14.1

■ Not on 500 list. *Figures include unconsolidated subsidiaries.

Ranking The Forbes 500s

Where they rank: 1985										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
196	■	■	■	Texas American Bancshares	6,413	660	327	26.2	46.8	3.7
54	356	453	■	Texas Commerce Bancshares	20,076	1,935	917	52.9	100.9	8.3
231	118	241	■	Texas Eastern	5,392	5,457	1,864	40.0	416.2	14.0
388	136	160	■	Texas Instruments	3,076	4,925	2,655	–118.7	397.2	82.2
111	171	93	38	Texas Utilities	10,867	4,170	4,124	587.8	819.5	16.4
120	109	234	139	Textron*	10,348	5,721	1,915	223.6	322.5	49.5
247	■	■	■	Third National	5,045	516	451	49.8	66.6	3.5
■	453	■	■	Thrifty Corp	582	1,426	497	32.3	51.1	14.0
391	208	96	164	Time Inc	3,072	3,404	3,900	199.8	338.4	18.5
431	245	100	131	Times Mirror	2,701	2,947	3,713	237.1	412.4	30.3
363	■	480	191	Toledo Edison	3,365	595	855	173.5	217.8	2.5
392	■	■	■	Toledo Trustcorp	3,051	254	209	22.7	28.1	1.7
323	473	284	202	Torchmark	3,740	1,362	1,551	167.4	167.4	6.6
■	437	■	■	Tosco	629	1,513	97	8.9	29.8	1.2
■	351	144	288	Toys "R" Us	1,226	1,976	2,877	119.8	145.8	21.8
425	192	■	■	Trans World Airlines	2,769	3,725	663	–208.4	12.4	29.1
87	115	197	235	Transamerica	13,751	5,590	2,225	145.8	255.8	18.6
285	191	322	292	Transco Energy	4,241	3,733	1,344	117.8	438.6	4.4
374	■	■	■	Transohio Financial	3,212	362	78	13.1	16.0	1.7
■	321	316	143	Transworld	1,329	2,152	1,371	217.5	294.4	79.2
22	28	84	86	Travelers	41,642	14,594	4,375	375.2	442.1	30.6
■	414	■	■	Triangle Industries	1,478	1,646	134	36.8	70.2	10.1
473	355	189	279	Tribune	2,446	1,938	2,264	123.8	221.0	18.6
326	104	170	■	TRW	3,735	5,917	2,555	–7.1	220.2	93.4
■	■	408	310	Tucson Electric Power	1,604	447	1,027	110.4	152.0	1.0
■	322	■	■	Turner	752	2,149	101	11.1	15.2	2.6
162	101	250	■	UAL	7,874	6,383	1,754	–48.7	491.9	76.0
439	375	232	346	Union Camp	2,661	1,866	1,945	95.1	247.2	17.6
115	62	74	■	Union Carbide	10,581	9,003	4,792	–599.0	–3.0	94.9
205	424	201	96	Union Electric	6,181	1,592	2,183	337.2	560.6	7.3
463	■	■	■	Union National	2,510	252	275	20.7	27.5	1.9
114	80	54	56	Union Pacific	10,710	7,798	5,916	501.2	1,047.2	44.4
498	■	■	■	Union Planters	2,312	249	101	7.6	16.3	1.7
256	■	■	■	United Banks of Colorado	4,850	482	304	36.0	48.8	3.3
■	235	■	■	United Brands	1,004	3,085	422	32.3	66.8	41.0
251	■	■	■	United Financial Group	4,989	518	53	–3.1	–0.3	0.8
■	■	■	335	United Illuminating	1,653	515	370	99.6	133.2	1.5
278	■	■	■	United Jersey Banks	4,428	427	356	35.8	41.3	3.1
316	■	■	■	United Missouri Bancshares	3,807	261	318	30.3	38.2	2.0
149	■	■	439	US Bancorp	8,350	817	606	66.2	80.4	5.6
■	■	407	■	US Health Care Systems	197	351	1,027	24.5	27.4	0.7
■	361	443	445	United States Shoe	850	1,920	944	64.9	98.9	28.0
65	21	118	105	United States Steel	18,446	18,429	3,285	313.0	1,607.0	79.6
■	■	431	353	US Tobacco	468	480	969	93.5	108.4	3.7
375	■	■	■	US Trust	3,202	286	282	24.8	30.4	1.8
116	27	66	106	United Technologies	10,528	14,992	5,377	312.7	710.7	184.8
219	230	187	■	United Telecommunications	5,767	3,198	2,278	20.8	626.0	27.5
156	■	■	433	United Virginia Bankshares	8,100	728	607	67.6	85.2	5.3
113	46	126	100	Unocal	10,797	10,738	3,126	325.0	1,228.0	20.4
489	346	90	156	Upjohn	2,377	2,017	4,140	203.0	272.5	20.4
69	79	33	25	US West	17,975	7,813	8,469	925.6	2,201.0	70.5

■ Not on 500 list. *Figures include unconsolidated subsidiaries.

Ranking The Forbes 500s

Where they rank: 1985				Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
Assets	Sales	Market value	Net profits							
■	388	449	294	**USAir Group**	1,951	1,765	925	117.1	194.3	13.3
168	203	172	■	**USF&G**	7,454	3,442	2,490	–45.5	–34.2	9.1
■	281	268	138	**USG**	1,732	2,526	1,641	223.8	303.2	22.1
366	■	■	395	**USLife**	3,327	1,018	730	76.2	85.7	2.0
398	■	306	220	**Utah Power & Light**	3,019	1,042	1,419	156.0	253.0	4.9
■	269	■	■	**Valero Energy**	1,995	2,662	341	34.7	100.7	2.3
465	■	■	■	**Valley Federal Savings & Loan Assn**	2,500	316	52	10.4	15.3	0.8
126	■	■	394	**Valley National**	9,931	1,022	695	77.0	98.5	7.1
■	445	272	248	**VF**	860	1,481	1,613	139.4	189.5	32.2
■	■	363	■	**Viacom International**	1,596	444	1,124	37.0	85.0	4.2
■	■	409	417	**Vulcan Materials**	819	972	1,027	71.3	139.9	6.2
385	66	31	99	**Wal-Mart Stores**	3,104	8,581	8,958	327.5	417.2	93.0
■	389	■	■	**Waldbaum**	362	1,764	151	17.1	43.1	7.0
■	223	255	344	**Walgreen**	1,109	3,265	1,729	95.8	132.1	36.0
449	289	149	■	**Wang Laboratories**	2,591	2,428	2,756	–63.3	137.3	31.7
■	310	184	168	**Warner Communications**	2,286	2,235	2,306	195.3	219.0	8.0
492	229	107	■	**Warner-Lambert**	2,358	3,200	3,597	–315.6	–222.8	40.0
286	■	■	■	**Washington Mutual Savings Bank**	4,238	443	114	19.6	24.6	1.2
351	■	■	■	**Washington National**	3,474	762	285	28.3	32.9	5.6
■	■	291	299	**Washington Post**	885	1,079	1,523	114.3	154.8	6.3
■	■	■	383	**Washington Water Power**	1,383	459	543	81.4	113.8	1.4
■	418	105	193	**Waste Management**	2,261	1,625	3,624	171.6	323.4	20.0
■	■	339	467	**Weis Markets**	428	1,017	1,253	60.1	75.6	11.7
31	212	324	172	**Wells Fargo**	29,429	3,362	1,340	190.0	254.8	14.7
■	■	333	396	**Wendy's International**	811	1,100	1,277	76.2	124.7	46.5
■	486	■	■	**Western Air Lines**	952	1,307	309	35.4	92.8	10.3
394	■	■	■	**Western Capital Investment**	3,029	371	143	17.7	24.7	1.9
259	■	■	■	**Western Savings & Loan Assn**	4,807	491	151	36.7	44.1	1.5
132	47	45	36	**Westinghouse Electric**	9,682	10,700	6,844	605.3	1,054.3	124.9
■	404	347	328	**Westvaco**	1,939	1,709	1,221	102.2	227.8	15.0
■	218	■	■	**Wetterau**	638	3,329	481	31.2	53.2	9.3
212	121	94	163	**Weyerhaeuser**	6,005	5,206	3,995	200.1	550.3	36.4
■	201	245	178	**Whirlpool**	1,760	3,474	1,810	182.3	269.3	23.8
■	353	■	■	**White Consolidated Industries**	1,140	1,946	550	34.1	69.0	16.0
462	■	■	■	**Whitney Holding**	2,510	246	310	32.2	61.2	0.9
404	258	■	■	**Wickes Cos**	2,957	2,806	457	40.6	93.5	50.0
■	■	■	465	**Willamette Industries**	918	1,152	785	60.2	124.7	8.2
282	232	411	■	**Williams Cos**	4,337	3,140	1,021	31.6	195.7	5.9
495	■	■	■	**Wilmington Trust**	2,328	227	329	27.0	31.6	1.5
■	443	■	■	**Wilson Foods**	225	1,487	34	–38.2	–29.6	5.5
■	74	281	317	**Winn-Dixie Stores**	1,236	8,049	1,570	107.8	274.9	71.7
455	450	328	200	**Wisconsin Electric Power**	2,549	1,441	1,323	167.5	294.5	6.2
■	■	■	459	**Wisconsin Power & Light**	1,111	589	534	60.7	130.5	2.5
■	■	■	484	**Wisconsin Public Service**	966	639	454	57.4	123.4	2.4
■	448	■	488	**Witco**	810	1,449	591	56.8	108.3	8.3
459	103	233	184	**FW Woolworth**	2,535	5,958	1,921	177.0	288.0	118.1
73	44	61	60	**Xerox***	17,163	11,526	5,763	475.3	1,324.2	111.9
■	431	499	494	**Yellow Freight System**	748	1,530	828	55.5	135.8	21.4
■	181	252	347	**Zayre**	1,582	4,036	1,733	94.6	140.4	52.5
■	419	■	■	**Zenith Electronics**	927	1,624	474	–7.7	29.0	31.0
378	■	■	■	**Zions Utah Bancorporation**	3,181	275	254	28.2	32.4	1.7

■Not on 500 list. *Figures include unconsolidated subsidiaries.

The Forbes 500s on Wall Street

Here are 12-month and 5-year stock performance numbers as well as key ratios for the 798 firms that qualified for one or more of the 500s lists.

INVESTORS ARE SO BULLISH that Wall Street is starting to smell like a feedlot. The Dow is up more than 520 points over the last 52 weeks. Share prices of the 798 Forbes 500s companies are up an average of 41% over the same span. Investors keep wondering whether the rally has run its course. Alas, our tables cannot, by themselves, tell you to buy, hold or sell. But the 27 key data listed for each stock provide a good starting point for comparisons—assuming you do stay in the market.

Take Allied Stores, a New York City-based department store chain (Brooks Brothers, Joske's, et al.) with 665 outlets. Allied has a fiscal year ending in January. Its results through January 1986 are reported below as its fiscal year 1985. The FORBES rule: Any fiscal year ending between June 1985 and May 1986 is treated as fiscal 1985, no matter how designated by the company. If fiscal 1985 per-share earnings are not available, an estimate is used and so noted.

Allied's five-year price range through Mar. 21, 1986 is adjusted for stock splits and rounded to the nearest full point. There was a 2-for-1 split earlier this month, so the five-year high of 76½, for example, which was hit in March, was divided by 2 and reported as 38.

The "recent" figure is Allied's closing price on Mar. 21, 1986. The 12-month performance shows the percentage gain or loss in the stock price since Mar. 22, 1985. Allied rose 28%. The relative performance compares Allied with the overall market. Here's how it's done: First we take a hypothetical $100 investment in Allied (ignoring the commission) and calculate that with a 28% gain it would grow to $128 in 12 months. Next we compare this with the result of a $100 investment in the average stock (using a weighted index from William O'Neil & Co., a Los Angeles publisher of stock charts and *Investor's Daily*). The average stock would have turned a $100 investment into $136. The relative performance of Allied to the market, 94, is the ratio of the two performances, multipled by 100.

The price/earnings ratio for the latest 12 months is the ratio of the recent price to the earnings per share (EPS) over the last four quarters for which results have been reported. Allied's P/E is 10. Its P/E for 1986 is calculated similarly but uses an estimate from security analysts.

Price/earnings ratios are basic to the appraisal of stocks. A valuable supplemental ratio is the price-to-sales ratio, or

			Stock price			Stock performance latest 12 months		Stock price ratios price/earnings			
Company/fiscal year-end	Ticker Symbol	Exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1986 est	price/ sales
Abbott Laboratories/Dec	ABT	n	81–24	81–50	78¾	51%	110	19–11	20.3	17.6	2.80
Advanced Micro/Mar	AMD	n	41– 5	34–22	29¾	–10	66	NM–11	NM	42.5	2.65
Aetna Life & Cas/Dec	AET	n	66–27	66–39	63¾	56	114	37– 6	19.4	11.7	0.38
Affiliated Bshs Colo/Dec	AFBK	o	20– 9	18–14	17½	22	89	18– 5	18.6	9.9	0.62
HF Ahmanson/Dec	AHM	n	68– 8	68–29	59½	83	134	NM– 4	7.5	6.5	0.55
Air Prods & Chems/Sep	APD	n	83–24	83–47	81	67	122	15– 4	16.6	14.9	1.28
Albertson's/Jan	ABS	n	38–12	38–27	37⅞	27	93	15– 8	14.7	13.5	0.25
Alco Standard/Sep	ASN	n	45–17	45–32	44⅞	31	95	17– 6	19.9	13.8	0.24
Alexander & Alexander/Dec	AAL	n	38–17	38–26	37	18	86	NM– 8	NM	15.9	1.62
Alexander & Baldwin/Dec	ALEX	o	52–10	52–33	50	30	95	11– 5	11.1	10.2	1.95
Alleghany/Dec	Y	n	101–29	101–74	100⅞	32	97	33– 5	7.7	NA	1.72
Allegheny Beverage/Mar	ABEV	o	31– 4	31–15	27¼	36	99	NM– 3	2.7	10.5	0.18
Allegheny Intl/Dec	AG	n	55–16	29–17	23⅞	–11	65	NM– 4	NM	16.6	0.12
Allegheny Power/Dec	AYP	n	39–14	39–28	38	24	91	10– 5	10.6	10.1	1.04

*Range is for less than period indicated. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

PSR, which compares the recent stock price with latest 12-month sales per share. Allied has a fairly low PSR, 0.42, about normal for a retailer. Other retailers, such as J.C. Penney and Sears, have similar PSRs. In contrast, IBM has a PSR of 1.83. Why the difference? IBM's net profit margin is 13.1%, while retailers tend to have low profit margins. Allied's net profit margin of 3.9% means that the company turns each dollar of sales into less than 4 cents of profit.

The highest PSRs go to companies that have lucrative businesses (like Telerate, which sells financial information) or that are thought to be on the verge of having lucrative businesses (like Genentech, which uses gene-splicing to make drugs).

The table lists three per-share earnings figures: the latest 12 months, the 1985 result, and the 1986 average estimate from various Wall Street analysts. The table shows that the analysts expect Allied to earn $3.75 in 1986. This forecast is an average from 22 analysts. The next column is the confidence factor on Allied's 1986 estimate. The "high" means that there was fairly good agreement among the analysts who contributed estimates. Contrast this with Amax, which showed "very low" harmony among the 15 analysts willing to make a guess about this company. Not surprising. A mining company is much less predictable than a retailer.

The indicated dividend, $1.16 for Allied, is the most recent quarterly dividend times 4. FORBES includes special dividends if they are paid at least two years in a row. The payout rate compares the indicated dividend with the trailing 12-month earnings. The dividend growth rate shows the five-year trend in annual dividend increases.

The *n* says that Allied is traded on the New York Stock Exchange; *a* is American Stock Exchange; *o*, over-the-counter.

The number of shares outstanding is as of Dec. 31, 1985, adjusted for any splits since then. The same figure is used to compute the market value in the tables beginning on page 150.

The stock market performance data come from William O'Neil & Co. The estimates are provided by the Institutional Brokers Estimate System, a service of New York City brokerage firm Lynch, Jones & Ryan. Earnings and other fundamental data are from annual reports, FORBES questionnaires and telephone calls.

Earnings							Dividends			Shares outstanding	
net profit margin	latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	indicated rate	payout ratio	5-year growth rate	common stock (mil)	% held by institutions
13.8%	$3.88	$3.88	$4.47	15%	36	very high	$1.40	36%	18%	119.6	48%
0.1	0.01	–0.55E	–0.56	NM	32	very low	0.00	0	NA	55.5	54
2.0	3.28	3.28	5.43	66	26	low	2.64	80	3	110.4	62
3.6	0.94	0.94	1.77	88	7	average	0.80	85	7	9.8	48
7.3	7.89	7.89	9.10	15	17	average	1.38	17	8	28.1	85
7.8	4.87	4.75	5.45	15	23	high	1.60	33	14	29.5	67
1.7	2.57	2.57	2.80	9	15	high	0.84	33	15	33.2	40
1.3	2.25	2.32	3.26	41	10	average	1.24	55	4	21.4	36
NM	–0.19	–0.19	2.33	NM	17	average	1.00	NM	–18	39.9	50
17.5	4.50	4.50	4.91	9	5	high	1.80	40	14	18.6	35
28.0	13.05	13.05	NA	NA	NA	NA	0.00	0	NA	6.6	34
7.3	9.97	2.22E	2.59	17	3	average	0.40	4	13	6.3	25
NM	–13.08	–13.08	1.44	NM	4	very low	0.00	0	NA	10.8	38
9.7	3.59	3.59	3.77	5	25	very high	2.70	75	7	50.3	33

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro/Scan from Isys Corp.; FORBES

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Allied Bancshares/Dec	ALBN	o	28–13	26–15	16⅞	–30%	51	13– 6	5.7	5.9	0.65
Allied-Signal/Dec	ALD	n	55–19	55–36	51¾	39	101	NM– 4	NM	12.6	0.99
Allied Stores/Jan	ALS	n	38–11	38–25	37⅛	28	94	11– 5	10.0	9.9	0.42
Alltel/Dec	AT	n	35–14	35–26	32⅞	25	91	10– 6	10.0	9.6	1.02
Alcoa/Dec	AA	n	49–22	46–30	42⅝	25	91	NM– 5	NM	13.8	0.67
AMAX/Dec	AMX	n	69–11	19–11	15¾	–12	64	NM– 8	NM	NM	0.60
Amerada Hess/Dec	AHC	n	38–15	34–19	20⅜	–34	48	NM– 7	NM	10.2	0.22
American Brands/Dec	AMB	n	87–34	87–53	84	21	89	10– 5	11.4	10.4	0.82
American Can/Dec	AC	n	80–26	80–51	76⅝	45	106	NM– 7	15.1	12.9	0.49
American Continental/Dec	AMCC	o	15– 5	15– 6	12⅜	90	139	13– 3	4.6	NA	0.23
American Cyanamid/Dec	ACY	n	72–24	72–48	70¼	39	102	22– 6	26.2	17.1	0.93
American Electric/Dec	AEP	n	28–15	28–20	26¼	23	90	11– 5	10.3	9.5	1.05
American Express/Dec	AXP	n	70–18	70–40	65⅝	58	115	19– 6	18.5	14.2	1.23
American Family/Dec	AFL	n	31– 3	31–13	29	117	158	17– 6	21.3	16.1	1.21
American Fletcher/Dec	AFLT	o	38– 7	38–21	35¼	67	122	10– 4	9.2	9.5	0.92
American General/Dec	AGC	n	43–11	43–27	42½	47	107	11– 4	12.0	11.9	0.65
American Greetings/Feb	AGREA	o	38– 6	37–27	35¾	6	78	18– 4	15.2	13.5	1.17
American Home Prods/Dec	AHP	n	80–28	80–55	76	23	90	15– 9	16.2	14.8	2.45
American Info Tech/Dec	AIT	n	122–62*	122–82	120	47	107	11– 7*	10.9	10.2	1.30
American Intl Group/Dec	AIG	n	141–42	141–70	133¼	83	134	25– 8	24.2	16.1	1.77
American Medical/Aug	AMI	n	37–14	29–16	21½	–11	65	24– 9	12.2	12.2	0.78
American Motors/Dec	AMO	n	11– 2	5– 2	4¼	26	92	NM–NM	NM	–7.9	0.12
American Natl Ins/Dec	ANAT	o	39–12	39–32	38⅜	12	81	12– 5	7.5	10.0	1.41
American Petrofina/Dec	APIA	a	65–38	61–38	44½	–25	54	19– 5	NM	–0.5	0.22
American S&L Fla/Sep	AAA	n	26– 4	14– 5	11⅜	79	131	NM– 4	NM	7.8	0.19
American Savings/Dec	ABNY	o	25–13*	25–13*	22⅛	72*	145*	NA–NA	NA	14.8	0.36
American Security/Dec	ASEC	o	37–12	37–20	34	70	124	52– 5	15.7	12.9	1.06
American Standard/Dec	AST	n	47–17	47–27	45	49	109	NM– 6	NM	13.1	0.61
American Stores/Jan	ASC	n	68– 7	68–49	60	12	82	14– 5	14.6	11.4	0.14
American Tel & Tel/Dec	T	n	25–15*	25–20	22¾	6	77	19–12*	16.6	13.9	0.70
AmeriTrust/Dec	AMTR	o	45–13	45–30	45⅛	52	111	11– 4	10.5	10.2	0.89
Ames Dept Stores/Jan	ADD	n	29– 3	29–18	27⅛	55	113	24– 6	22.8	16.3	0.67
Amfac/Dec	AMA	n	31–17	30–22	28¾	11	81	NM– 4	26.4	15.6	0.19
Amoco/Dec	AN	n	74–33	70–53	60	0	73	12– 5	8.1	9.2	0.58
AMP/Dec	AMP	n	43–15	43–28	40⅞	27	93	38–12	40.9	26.2	2.70
AMR/Dec	AMR	n	54– 9	54–38	51⅜	26	92	NM– 4	8.7	9.2	0.50
AmSouth Bancorp/Dec	ASO	n	36– 8	36–18	31⅛	71	124	9– 4	11.2	10.1	1.31
Analog Devices/Oct	ADI	n	31– 5	31–18	28½	37	100	56–15	37.0	28.8	2.87
Anderson, Clayton/Jun	AYL	n	61–20	61–36	53½	34	98	37– 4	32.8	16.5	0.39
Anheuser-Busch Cos/Dec	BUD	n	49–11	49–26	47½	78	130	16– 7	16.7	14.8	0.94
Apple Computer/Sep	AAPL	o	63–11	30–14	27⅝	26	92	57–10	24.0	14.2	0.98
Archer Daniels/Jun	ADM	n	30–10	30–19	28¼	42	104	19– 5	14.3	12 3	0.57
Arizona BancWest/Dec	AZBW	o	42– 9	42–24	42⅛	70	124	16– 5	15.5	13.9	1.21
Arkla/Dec	ALG	n	30–13	24–16	18¼	–15	62	32– 7	15.5	12.4	0.92
Armco/Dec	AS	n	42– 7	12– 7	11	28	93	NM– 5	NM	11.0	0.20
Armstrong World Inds/Dec	ACK	n	60–13	60–31	59⅞	85	135	37– 6	14.3	13.2	0.86
Ashland Oil/Sep	ASH	n	47–21	47–29	46⅞	60	117	NM– 4	9.6	9.8	0.17
Associated Dry Goods/Jan	DG	n	46–12	46–28	43⅛	50	109	15– 6	14.4	12.3	0.34
Atlantic City Elec/Dec	ATE	n	36–15	36–24	35⅝	44	105	10– 5	11.9	11.2	1.12

*Range is for less than period indicated. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

Earnings							Dividends			Shares outstanding	
net profit margin	latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	indicated rate	payout ratio	5-year growth rate	common stock (mil)	% held by institutions
11.3%	$2.95	$2.95	$2.85	–3%	15	low	$0.84	28%	17%	41.4	26%
NM	–3.28	–3.28	4.11	NM	21	high	1.80	NM	3	175.2	48
3.9	3.70	3.70	3.75	1	22	high	1.16	31	4	45.8	65
10.4	3.30	3.30	3.44	4	21	very high	1.96	59	4	20.8	23
NM	–0.23	–0.23	3.10	NM	23	low	1.20	NM	–10	81.4	68
NM	–9.35	–9.35	–0.75	NM	15	very low	0.00	0	NA	68.5	24
NM	–3.08	–3.08	2.00	NM	26	very low	0.00	0	NA	83.0	51
7.5	7.34	7.34	8.09	10	21	high	4.05	55	6	54.8	33
3.6	5.06	5.06	5.92	17	10	average	2.90	57	0	26.9	42
6.6	2.71	2.71	NA	NA	NA	NA	0.00	0	NA	12.2	16
3.7	2.68	2.68	4.10	53	25	average	1.90	71	5	46.9	65
10.0	2.54	2.54	2.77	9	24	high	2.26	89	1	193.5	25
6.8	3.55	3.55	4.63	30	25	average	1.36	38	7	222.1	64
5.7	1.36	1.36	1.80	32	10	very high	0.40	29	9	40.0	23
10.1	3.83	3.83	3.70	–3	7	very high	0.80	21	5	9.5	38
8.9	3.53	3.53	3.57	1	19	average	1.12	32	11	87.2	48
7.7	2.35	2.31E	2.64	14	12	very high	0.66	28	25	32.1	60
15.3	4.70	4.70	5.13	9	34	very high	3.10	66	11	150.9	54
11.9	11.02	11.02	11.76	7	35	very high	6.60	60	NA	97.4	34
7.3	5.51	5.51	8.28	50	24	average	0.44	8	10	76.7	44
6.3	1.76	1.94	1.76	–9	35	low	0.72	41	20	86.7	52
NM	–1.24	–1.24	–0.54	NM	9	very low	0.00	0	NA	110.1	9
18.7	5.10	5.10	3.85	–25	4	high	1.20	24	13	29.0	18
NM	–0.85	–0.85	NA	NA	NA	NA	0.00	0	NA	12.0	6
NM	–5.96	–7.03	1.50	NM	2	NM	0.00	0	NA	5.3	23
3.8	NA	NA	1.50	NM	2	NM	0.00	0	NA	6.0	15
6.7	2.17	2.17	2.63	21	7	average	1.02	47	6	11.8	21
0.8	0.56	0.56	3.43	513	13	average	1.60	286	–9	39.3	59
1.1	4.11	4.11	5.27	28	15	average	0.84	20	29	31.4	68
4.5	1.37	1.37	1.64	20	40	average	1.20	88	NA	1,069.4	11
8.5	4.30	4.30	4.42	3	12	very high	1.60	37	4	18.7	43
2.7	1.19	1.19	1.66	39	11	high	0.10	8	13	37.6	62
0.7	1.09	1.09	1.84	69	9	low	0.00	0	NA	15.8	57
7.3	7.42	7.42	6.51	–12	35	low	3.30	44	5	258.7	36
6.6	1.00	1.00	1.56	56	25	average	0.72	72	16	108.0	76
5.6	5.94	5.94	5.63	–5	26	low	0.00	0	NA	59.2	83
10.0	2.77	2.77	3.07	11	9	very high	1.04	38	10	19.4	29
8.2	0.77	0.87	0.99	14	15	average	0.00	0	NA	32.2	50
1.0	1.63	1.24	3.24	161	5	average	0.00	0	NA	12.1	22
6.3	2.84	2.84	3.21	13	22	very high	0.80	28	18	138.5	57
4.1	1.15	0.99	1.95	97	25	low	0.00	0	NA	62.3	29
3.9	1.97	1.62	2.29	41	14	average	0.14	7	4	102.5	58
7.7	2.72	2.72	3.02	11	3	very high	0.80	29	6	10.7	25
6.0	1.18	1.18	1.47	25	19	low	1.08	92	13	50.3	34
0.1	–0.17	–0.17	1.00	NM	13	very low	0.00	0	NA	68.0	38
6.0	4.20	4.20	4.54	8	14	high	1.30	31	4	24.0	72
2.2	4.89	4.12	4.78	16	17	low	1.60	33	–12	28.5	48
2.7	3.00	3.00	3.52	17	22	very high	1.40	47	10	34.8	81
10.4	3.00	3.00	3.18	6	14	high	2.58	86	6	18.3	10

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro Scan from Issy Corp., Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Atlantic Richfield/Dec	ARC	n	68–32	68–48	52¼	8%	79	24– 5	NM	8.7	0.44
Automatic Data Proc/Jun	AUD	n	71–21	71–42	65¾	54	112	24–12	24.8	22.4	2.17
Avnet/Jun	AVT	n	50–17	40–27	36½	15	84	42– 9	41.5	31.7	0.94
Avon Products/Dec	AVP	n	42–18	33–18	32	56	114	15– 6	NM	14.4	1.03
AZP Group/Dec	AZP	n	30–15	30–21	29⅛	30	95	8– 4	7.5	7.7	1.84
Baker International/Sep	BKO	n	47–13	19–13	13⅜	–20	58	NM– 5	10.9	17.1	0.49
Bally Manufacturing/Dec	BLY	n	32–11	20–14	19⅜	36	99	NM– 7	20.4	13.3	0.40
Baltimore Gas & Elec/Dec	BGE	n	28–11	28–20	26½	31	96	9– 5	9.6	9.2	1.20
Banc One/Dec	ONE	n	31– 7	31–17	30	79	131	13– 7	14.9	14.1	1.60
Banco Popular PR/Dec	BPOP	o	36– 6	36–21	34¼	67	122	8– 2	9.5	NA	0.81
BancOklahoma/Dec	BOKC	o	25– 9	21– 9	10¼	–47	38	11– 5	15.1	7.3	0.20
Bancorp Hawaii/Dec	BNHI	o	44–16	44–28	42½	50	109	9– 4	9.8	8.3	0.83
Bank of Boston/Dec	BKB	n	78–21	78–44	76¼	72	126	7– 4	9.1	8.6	0.44
Bank of New England/Dec	BKNE	o	67–16	67–35	64¼	79	131	9– 4	10.4	9.1	0.78
Bank of New York/Dec	BK	n	63–16	63–37	62	62	118	8– 4	9.7	9.3	0.75
Bank of Virginia/Dec	BKV	n	36– 6	36–24	36	40	103	12– 4	11.8	10.3	1.03
Bank South/Dec	BKSO	o	30– 6	30–19	29½	53	112	14– 4	13.6	11.7	1.19
BankAmerica/Dec	BAC	n	29–12	23–12	16¼	–11	65	NM– 5	NM	12.8	0.19
Bankers Trust NY/Dec	BT	n	46–13	46–29	45	42	103	7– 3	8.3	7.8	0.65
Banks of Mid-America/Dec	BOMA	o	20– 7	12– 7	7⅜	–33	49	NM– 5	11.9	8.0	0.17
Barnett Banks Fla/Dec	BBF	n	52–13	52–32	49⅛	48	108	11– 6	12.3	11.0	1.01
Bausch & Lomb/Dec	BOL	n	41–17	41–25	40⅜	61	117	63–10	18.1	15.8	2.02
Baxter Travenol Labs/Dec	BAX	n	31–12	20–12	18⅞	22	89	NM–10	22.2	20.1	1.69
BayBanks/Dec	BBNK	o	80–19	80–46	79⅜	70	124	9– 4	10.4	10.0	0.83
Bear Stearns Cos/Apr	BSC	n	33–19*	33–19*	32½	48*	118*	13– 9*	12.7	NA	0.69
Beatrice/Feb	BRY	n	49–17	49–28	48⅜	58	115	NM– 4	12.3	16.8	0.46
Becton Dickinson/Sep	BDX	n	39–15	39–23	38¼	58	115	32–10	17.7	14.5	1.35
Bell Atlantic/Dec	BEL	n	127–65*	127–83	123½	48	108	31– 8*	11.3	10.5	1.36
BellSouth/Dec	BLS	n	55–27*	55–35	52½	50	109	35– 7*	11.2	10.1	1.50
Beneficial Corp/Dec	BNL	n	55–15	55–36	54	48	108	13– 6	14.1	10.9	0.58
Bergen Brunswig/Aug	BBCA	a	38–12	37–21	33⅞	51	110	27–10	18.1	17.2	0.17
Berkshire Hathaway/Dec	BKHT	o	3250–430	3250–1475	3060	62	118	59–11	8.1	NA	3.73
Best Products/Jan	BES	n	26– 9	16–12	14⅞	25	91	65– 6	NM	11.6	0.18
Bethlehem Steel/Dec	BS	n	32–13	22–13	20⅞	18	86	NM– 4	NM	12.3	0.21
Beverly Enterprises/Dec	BEV	a	45–10	41–32	38½	20	88	32– 9	18.0	15.2	0.69
Big Three Industries/Dec	BIG	n	38–15	27–20	25⅛	13	83	70– 6	66.8	13.8	1.13
Black & Decker/Sep	BDK	n	29–12	24–17	23	7	78	NM– 9	NM	15.6	0.67
H&R Block/Apr	HRB	n	44–13	44–24	43⅞	73	126	18– 8	41.0	15.3	2.02
Boatmen's Bancshares/Dec	BOAT	o	44–12	44–30	42¼	28	93	9– 4	9.6	9.0	0.92
Boeing/Dec	BA	n	57–10	57–38	55¼	30	95	15– 4	14.7	11.9	0.63
Boise Cascade/Dec	BCC	n	60–20	60–37	58¾	52	111	NM– 6	17.0	14.7	0.43
Borden/Dec	BN	n	61–13	61–32	58½	63	119	14– 5	15.6	13.7	0.64
Borg-Warner/Dec	BOR	n	31–11	31–20	29⅝	45	106	15– 5	14.7	12.1	0.77
Boston Edison/Dec	BSE	n	53–20	53–36	51¼	34	98	9– 4	10.2	10.3	0.69
Bowater/Dec	BOW	n	32–15*	32–20	30	36	99	12– 7*	13.0	12.9	0.97
Branch Corp/Dec	BNCH	o	40–12	40–32	38	19	87	12– 4	12.1	10.7	0.99
Bristol-Myers/Dec	BMY	n	76–23	76–54	75½	31	96	18–10	19.6	17.6	2.35
Brooklyn Union Gas/Sep	BU	n	24–10	24–18	24⅛	33	98	8– 4	9.8	9.5	0.50
Brown-Forman/Apr	BFDB	a	53–23	53–33	53	55	113	13– 8	13.8	12.8	1.18

*Range is for less than period indicated. NA not available or not applicable. NM not meaningful. E estimate. Stock prices as of Mar. 21, 1986

net profit margin	latest 12 months EPS	Earnings: 1985 EPS	Earnings: estimated 1986 EPS	Earnings: % change '86 vs '85 EPS	number of analysts	confidence factor on estimate	Dividends: indicated rate	Dividends: payout ratio	Dividends: 5-year growth rate	Shares outstanding: common stock (mil)	Shares outstanding: % held by institutions
NM	$–0.97	$–0.97	$6.03	NM	39	low	$4.00	NM	14%	179.7	56%
8.7%	2.65	2.47	2.93	19%	20	very high	0.68	26%	12	36.3	70
2.3	0.88	1.39	1.15	–17	24	low	0.50	57	2	35.5	74
NM	–0.76	–0.76	2.22	NM	21	average	2.00	NM	–10	79.2	31
23.8	3.88	3.88	3.77	–3	23	average	2.72	70	5	74.3	18
4.5	1.23	1.25	0.78	–38	29	very low	0.92	75	10	70.0	62
2.0	0.95	0.95	1.46	54	12	low	0.20	21	18	26.9	36
14.1	2.80	2.80	2.92	4	26	very high	1.70	61	10	78.6	35
10.9	2.01	2.01	2.13	6	17	high	0.80	40	16	63.7	30
8.6	3.66	3.66	NA	NA	NA	NA	1.12	31	25	9.0	9
1.9	0.68	0.68	1.40	106	7	very low	0.40	59	11	6.2	15
8.4	4.31	4.31	5.09	18	4	high	1.36	32	5	9.0	55
5.1	8.46	8.46	8.92	5	20	high	2.64	31	9	19.6	60
7.7	6.22	6.22	7.10	14	15	very high	2.00	32	9	20.7	38
8.2	6.39	6.39	6.67	4	13	high	2.28	36	2	19.3	42
8.7	3.05	3.05	3.49	14	11	high	1.12	37	16	23.2	16
8.7	2.17	2.17	2.53	17	3	average	0.64	29	26	10.9	25
NM	–2.68	–2.68	1.31	NM	31	very low	0.00	0	–2	153.4	31
7.9	5.39	5.39	5.77	7	28	very high	1.49	28	10	68.3	66
3.6	0.62	0.62	0.92	48	3	low	0.00	0	14	8.1	34
8.2	3.98	3.98	4.47	12	29	high	1.04	26	12	32.3	44
11.2	2.23	2.23	2.56	15	17	very high	0.78	35	0	29.8	68
5.8	0.85	0.85	0.94	11	36	low	0.40	47	18	211.3	34
7.9	7.62	7.62	7.90	4	5	high	2.40	31	13	6.4	38
4.9	2.55	NA	NA	NA	NA	NA	0.60	24	NA	49.7	12
3.3	3.94	2.50E	2.89	16	10	average	1.80	46	6	113.1	42
7.0	2.16	2.10	2.63	25	26	average	0.66	31	4	40.8	31
12.0	10.94	10.94	11.71	7	37	very high	6.80	62	NA	99.9	32
13.3	4.69	4.69	5.20	11	35	high	3.04	65	NA	305.3	24
4.9	3.82	3.82	4.97	30	10	high	2.00	52	0	22.2	56
0.9	1.87	1.91	1.97	3	8	high	0.32	17	14	13.2	67
46.4	379.99	379.99	NA	NA	NA	NA	0.00	0	NA	1.1	7
0.1	0.08	0.08	1.28	NM	13	low	0.24	300	7	26.9	64
NM	–4.37	–4.37	1.70	NM	15	very low	0.00	0	NA	52.0	60
3.5	2.14	2.14	2.54	19	24	very high	0.40	19	8	30.3	62
1.7	0.38	0.38	1.84	384	11	average	0.88	NM	8	37.3	57
NM	–3.27	–3.11	1.47	NM	16	low	0.64	NM	–4	50.8	60
10.0	1.07	2.50E	2.86	14	5	very high	1.36	127	6	24.9	82
9.6	4.40	4.40	4.72	7	6	average	1.65	38	12	13.3	18
4.2	3.75	3.75	4.66	24	36	average	1.20	32	0	155.2	60
2.8	3.45	3.45	4.00	16	19	average	1.90	55	0	27.1	57
4.1	3.75	3.75	4.27	14	14	very high	1.52	41	10	51.3	47
5.4	2.01	2.01	2.44	21	13	average	0.96	48	11	86.7	39
7.8	5.03	5.03	4.98	–1	18	very high	3.44	68	4	16.2	24
7.5	2.30	2.30	2.32	1	12	average	0.72	31	NA	29.3	54
8.0	3.13	3.13	3.55	13	5	high	1.24	40	4	7.5	16
12.0	3.86	3.86	4.30	11	37	very high	2.20	57	20	138.0	56
5.8	2.46	2.51	2.53	1	12	high	1.62	66	6	21.4	22
8.6	3.83	3.98E	4.14	4	5	average	1.00	26	5	21.4	37

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; via Micro Scan from Interactive Data Corp.; Forbes

The Forbes 500s on Wall Street

Company/fiscal year ends	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Brown Group/Oct	BG	n	40–11	40–25	38⅜	37%	100	21– 5	14.5	12.9	0.52
Browning-Ferris Inds/Sep	BFI	n	38– 8	38–21	36⅛	70	124	21– 8	22.1	19.7	2.14
Brunswick/Dec	BC	n	34– 4	34–16	33⅛	84	134	NM– 1	14.4	12.9	0.92
Burlington Inds/Sep	BUR	n	43–17	39–24	37	38	100	73– 5	63.8	18.0	0.37
Burlington Northern/Dec	BNI	n	82–17	82–49	75	42	104	11– 4	9.3	9.4	0.64
Burroughs/Dec	BGH	n	72–27	72–52	62⅜	5	77	23– 6	11.5	10.0	0.57
Cabot/Sep	CBT	n	36–16	29–21	25⅝	–9	66	15– 5	NM	10.6	0.52
CalFed/Dec	CAL	o	35–11*	35–16	30	68	122	9– 3*	5.0	5.1	0.27
California First Bk/Dec	CFBK	o	33–12	33–19	29½	53	112	14– 4	12.9	NA	0.61
Campbell Soup/Jul	CPB	n	58–13	58–32	52¼	44	105	19– 6	15.8	15.4	0.81
Capital Cities/ABC/Dec	CCB	n	256–64	256–183	226	10	80	22–10	20.8	20.8	2.88
Capital Holding/Dec	CPH	n	35– 9	35–20	34½	43	105	11– 5	13.0	12.1	0.80
Carolina Pwr & Lt/Dec	CPL	n	36–17	36–25	34⅞	30	95	8– 5	9.0	9.2	1.38
Carson Pirie Scott/Jan	CRN	n	31– 7	31–18	30½	50	109	14– 6	16.4	13.4	0.24
Carter Hawley Hale/Jan	CHH	n	36–11	36–25	31½	17	85	NM– 6	34.2	12.7	0.15
Carteret S&L/Sep	CFCC	o	23– 5*	23– 8	20⅞	149	182	8– 2*	8.0	5.5	0.34
Castle & Cooke/Dec	CKE	n	20– 7	15–10	14⅞	29	94	NM– 8	NM	24.8	0.35
Caterpillar Tractor/Dec	CAT	n	73–28	54–30	51½	63	119	NM– 7	25.5	16.7	0.75
CBI Industries/Dec	CBH	n	54–18	28–18	22½	–17	61	NM– 5	NM	14.5	0.32
CBS/Dec	CBS	n	143–33	143–98	140½	33	97	26– 6	NM	19.1	0.70
Celanese/Dec	CZ	n	203–41	203–89	193	112	155	NM– 5	14.1	12.0	0.76
Centel/Dec	CNT	n	54–26	54–40	53⅜	29	94	10– 7	11.6	10.5	1.11
Centerre Bancorp/Dec	CTBC	o	45–16	45–29	41	38	101	11– 4	11.6	10.5	0.62
Centex/Mar	CTX	n	34–11	34–21	32⅛	47	107	17– 7	13.0	11.0	0.42
Central & South West/Dec	CSR	n	32–13	32–22	30⅛	33	97	8– 5	8.3	8.1	1.05
Central Bancorp/Dec	CBAN	o	51–10	51–29	50⅛	64	120	64– 4	12.4	10.7	1.66
Central Bancshares/Dec	CBSS	o	28– 5	28–13	24½	76	129	11– 3	11.0	10.0	1.00
Central Fidelity Bks/Dec	CFBS	o	32– 6	32–19	28¾	49	109	13– 4	11.7	10.4	1.08
Central Hudson G&E/Dec	CNH	n	35–16	35–24	34⅛	32	97	7– 4	7.3	7.5	0.82
Central Ill Pub Svc/Dec	CIP	n	24–10	24–17	23⅜	31	96	12– 5	12.3	11.8	1.15
CenTrust/Sep	CTST	o	NA–NA*	11– 5*	9⅛	46*	111*	NA–NA*	1.8	NA	0.11
Champion Intl/Dec	CHA	n	30–12	30–20	27⅛	35	99	NM– 9	17.5	11.8	0.45
Charter/Dec	QCHR	n	16– 1	3– 2	2⅛	18	86	NM– 4	NM	NA	0.03
Chase Manhattan/Dec	CMB	n	48–16	48–25	44⅛	69	124	8– 3	6.9	6.7	0.35
Chemical New York/Dec	CHL	n	54–18	54–33	52½	39	101	7– 3	7.2	6.9	0.45
Chesebrough-Pond's/Dec	CBM	n	49–30	49–31	43⅞	38	101	14– 9	18.7	14.4	0.57
Chevron/Dec	CHV	n	46–24	41–34	37⅞	9	79	10– 5	8.3	10.0	0.31
Chrysler/Dec	C	n	47– 2	47–22	45⅝	97	144	NM– 2	4.8	5.4	0.32
Chubb/Dec	CB	n	78–13	78–38	73⅜	92	140	NM– 5	38.3	14.3	0.97
Cigna/Dec	CI	n	77–27	77–48	75⅛	55	113	NM– 4	NM	11.4	0.34
Cincinnati Financial/Dec	CINF	o	70–14	70–44	70⅜	52	111	48– 6	19.3	15.1	1.71
Cincinnati G&E/Dec	CIN	n	25– 9	25–15	24	56	114	7– 3	7.3	8.0	0.75
Circle K/Apr	CKP	a	28– 5	28–19	24⅜	15	84	NM– 5	9.4	12.9	0.26
Citadel Holding/Dec	CDL	a	53–10	53–23	48½	101	147	9– 3	6.3	7.0	0.46
Citicorp/Dec	CCI	n	61–22	61–40	59⅛	36	99	8– 4	8.4	7.5	0.38
Citizens & So Ga/Dec	CSGA	o	26– 7	26–17	25⅛	31	96	12– 5	10.8	9.9	0.99
Citizens Fidelity/Dec	CFDY	o	31– 7	31–18	28⅛	59	116	12– 5	13.2	11.8	1.40
City National/Dec	CTYN	o	43–13	43–23	38½	57	115	18– 7	14.6	12.1	1.36
CityFed Financial/Dec	CTYF	o	15– 2	15– 9	13⅝	49	109	NM– 2	3.7	5.0	0.18

*Range is for less than period indicated. NA not available or not applicable. NM not meaningful. E estimate. Stock prices as of Mar. 21, 1986.

net profit margin	Earnings: latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	Dividends: indicated rate	payout ratio	5-year growth rate	Shares outstanding: common stock (mil)	% held by institutions
3.7%	$2.63	$2.63	$2.97	13%	11	average	$1.44	55%	18%	19.1	24%
9.7	1.66	1.60	1.87	17	17	very high	0.64	39	18	69.7	54
6.5	2.34	2.34	2.60	11	14	average	0.56	24	18	42.0	59
0.6	0.58	0.44	2.06	368	10	low	1.64	283	2	28.5	51
7.6	8.03	8.03	7.94	–1	22	high	1.60	20	15	73.6	58
4.9	5.46	5.46	6.28	15	25	high	2.60	48	0	45.6	72
NM	–2.60	–2.07	2.42	NM	7	average	0.92	NM	0	28.5	61
5.9	6.02	6.02	5.89	–2	14	low	0.48	8	NA	20.4	68
4.7	2.26	2.26	NA	NA	NA	NA	1.08	48	2	11.6	79
5.1	3.29	3.07	3.38	NM	23	very high	1.32	40	5	64.7	60
13.9	10.87	10.87	10.87	0	22	average	0.20	2	–5	13.0	55
6.6	2.63	2.63	2.82	7	23	high	0.82	31	6	50.7	57
17.1	3.86	3.86	3.81	–1	19	very high	2.68	69	3	76.5	58
1.4	1.86	1.86	2.28	23	4	average	0.60	32	0	10.1	54
1.2	0.92	0.92	2.48	170	14	low	1.22	133	0	19.6	33
4.3	2.60	2.45	3.81	56	6	low	0.00	0	NA	9.5	30
1.2	–0.04	–0.04	0.60	NM	3	very low	0.00	0	NA	41.1	41
2.9	2.02	2.02	3.08	52	23	very low	0.50	25	–32	98.4	59
NM	–2.18	–2.18	1.55	NM	10	low	0.60	NM	–5	21.6	46
0.6	0.81	0.81	7.36	809	28	average	3.00	370	2	23.4	63
5.8	13.70	13.70	16.14	18	23	average	4.80	35	3	12.0	51
9.7	4.61	4.61	5.07	10	24	very high	2.44	53	3	27.7	45
5.3	3.53	3.53	3.90	10	9	high	1.80	51	1	7.7	22
3.4	2.52	2.71E	2.99	10	7	average	0.25	10	15	17.6	50
12.5	3.61	3.61	3.70	2	26	very high	2.14	59	6	94.7	46
8.6	4.06	4.06	4.68	15	3	average	1.50	37	2	8.3	20
9.1	2.21	2.21	2.43	10	4	very high	0.88	40	19	13.8	7
9.1	2.45	2.45	2.77	13	5	very high	0.84	34	13	13.7	17
11.8	4.67	4.67	4.59	–2	7	high	2.96	63	6	12.1	7
10.6	1.92	1.92	2.00	4	14	high	1.64	85	3	34.2	25
4.5	5.31	5.31	NA	NA	NA	NA	0.60	11	NA	6.3	NA
2.8	1.59	1.59	2.35	48	18	average	0.52	33	–22	92.9	58
NM	–2.09	–2.09	NA	NA	NA	NA	0.00	0	NA	16.5	3
5.8	6.40	6.40	6.58	3	26	high	2.05	32	5	77.2	70
6.9	7.33	7.33	7.58	3	21	very high	2.60	35	10	48.9	59
3.0	2.35	2.35	3.05	30	19	average	2.00	85	6	35.3	55
3.7	4.52	4.52	3.78	–16	36	low	2.40	53	2	342.1	47
7.7	9.38	9.38	8.36	–11	23	low	1.00	11	0	151.0	57
2.9	1.92	1.92	5.16	169	28	low	1.56	81	5	31.5	60
NM	–10.77	–10.77	6.59	NM	26	low	2.60	NM	9	72.4	76
9.0	3.64	3.64	4.64	NM	8	low	1.32	36	15	14.8	17
12.1	3.30	3.30	3.00	–9	17	high	2.16	65	–6	43.9	23
2.0	2.59	1.67E	1.89	13	6	high	0.50	19	1	21.4	52
7.3	7.73	7.73	6.90	–11	1	NM	0.00	0	NA	3.3	16
4.4	7.12	7.12	7.90	11	31	very high	2.26	32	10	129.4	69
9.1	2.38	2.38	2.60	9	22	high	0.88	37	17	53.0	28
10.8	2.19	2.19	2.45	12	9	very high	0.80	37	14	18.4	49
9.3	2.64	2.64	3.17	20	3	high	0.88	33	11	9.2	20
6.1	3.65	3.65	2.73	–25	7	low	0.40	11	0	13.8	35

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan and Morris Scott from Ivy Corp. Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Cleveland Electric/Dec	CVX	n	28–14	28–20	27⅝	34%	98	7– 4	7.8	8.5	1.73
Clorox/Jun	CLX	n	56–10	56–33	55⅞	66	121	15– 5	16.2	15.4	1.38
Coast S&L Assn/Dec	COAS	o	20–14*	20–14*	15½	3*	91*	27–27*	29.2	–0.2	0.28
Coastal Corp/Dec	CGP	n	40– 9	40–26	37⅝	31	96	NM– 5	10.4	8.7	0.16
Coca-Cola/Dec	KO	n	110–30	110–66	103⅝	49	109	16– 8	18.8	17.1	1.68
Coleco Industries/Dec	CLO	n	65– 3	22–13	18½	26	92	NM– 3	4.8	5.7	0.41
Colgate-Palmolive/Dec	CL	n	39–14	39–23	38⅛	55	113	39– 6	27.6	15.4	0.60
Collins & Aikman/Feb	CK	n	40– 5	40–18	38	76	128	13– 5	12.7	11.4	0.76
Colorado Natl Bkshs/Dec	COLC	o	22–10	22–17	18½	–3	71	44– 5	36.3	11.3	0.59
Colt Industries/Dec	COT	n	75–21	75–54	71½	22	89	15– 7	10.3	10.9	0.88
Columbia Gas System/Dec	CG	n	42–27	42–27	37⅝	38	101	NM– 5	NM	11.6	0.38
Columbia S&L/Dec	CSV	n	28– 2	28– 8	26⅛	234	244	4– 1	3.4	NA	0.22
Combined Intl/Dec	PMA	n	66–18	66–41	64⅞	48	108	11– 5	11.8	12.2	1.55
Combustion Eng/Dec	CSP	n	50–21	36–24	35⅜	2	74	NM– 4	NM	16.2	0.49
Comdisco/Sep	CDO	n	28– 4	23– 9	22½	117	158	24– 4	14.2	12.8	1.39
Comerica/Dec	CMCA	o	46–18	46–36	45½	19	87	9– 4	10.2	8.1	0.46
Commerce Bcshs/Dec	CBSH	o	75–24	75–49	74¼	53	111	9– 4	10.3	9.3	0.79
Commerce Clearing/Dec	CCLR	b	59–17	59–36	58½	50	109	24–12	23.5	20.9	2.32
Commerce Union/Dec	COMU	o	52– 9	52–33	52¼	57	115	11– 4	12.3	12.3	0.93
Commonwealth Ed/Dec	CWE	n	35–18	35–27	33½	14	83	7– 5	7.5	7.5	1.31
Community Psych/Nov	CMY	n	36– 7	36–22	28½	–11	65	36–13	19.0	15.9	4.23
ConAgra/May	CAG	n	52–11	52–29	49⅜	67	122	18– 7	17.4	14.6	0.29
Conifer Group/Dec	CNFG	o	38– 9	38–22	37½	62	119	11– 3	11.0	10.0	0.60
Consolidated Edison/Dec	ED	n	42–13	42–31	40⅜	28	94	9– 4	9.6	9.2	0.90
Consol Freightways/Dec	CNF	n	49–16	49–28	49	63	119	14– 7	15.8	14.0	0.67
Consol Natural Gas/Dec	CNG	n	53–20	53–39	49⅜	8	79	10– 5	9.7	9.6	0.63
Consolidated Papers/Dec	CPER	o	56–12*	56–35	50	33	97	12– 5	10.2	10.7	1.52
Consumers Power/Dec	CMS	n	22– 4	14– 6	12⅜	92	140	NM– 2	NM	20.6	0.34
Continental Bancorp/Dec	CBRP	o	60–17	60–31	59	89	138	10– 4	12.7	11.3	1.36
Continental Corp/Dec	CIC	n	55–21	55–37	52⅞	34	98	NM– 6	52.4	14.2	0.57
Continental Illinois/Dec	CIL	n	43– 3	10– 6	9⅞	9	79	NM–14	21.5	15.2	0.15
Continental Telecom/Dec	CTC	n	30–15	30–22	29⅛	29	94	11– 6	9.1	9.6	0.84
Control Data/Dec	CDA	n	63–15	34–15	24⅛	–20	58	NM– 5	NM	40.4	0.21
Cooper Industries/Dec	CBE	n	56–19	50–28	49	72	125	29– 7	17.6	14.5	0.72
Adolph Coors/Dec	ACCOB	o	29–10	28–15	27	76	128	18– 6	17.8	16.7	0.75
CoreStates Financial/Dec	CSFN	o	42– 7	42–25	40⅛	56	114	8– 3	6.7	10.4	1.18
Corning Glass Works/Dec	GLW	n	75–20	75–35	70½	99	145	33– 8	27.9	18.2	1.79
CPC International/Dec	CPC	n	66–28	66–39	63	51	110	18– 6	21.6	14.5	0.73
Cray Research/Dec	CYR	n	75–10	75–32	68½	106	150	37–11	27.5	20.3	5.37
Crossland Savings/Dec	CRLD	o	24– 9*	24– 9*	20¾	121*	174*	2– 1*	2.6	NA	0.33
Crown Central Pet/Dec	CNPA	a	30– 9	21–12	20¾	31	96	NM–12	43.8	20.1	9.00
Crown Cork & Seal/Dec	CCK	n	91–23	91–49	86	62	118	13– 5	13.2	11.3	0.61
Crown Zellerbach/Dec	ZB	n	53–15	46–36	45½	9	80	NM– 9	NM	15.0	0.42
CSX/Dec	CSX	n	37–12	37–23	35⅞	58	115	NM– 4	NM	9.9	0.75
Cullen/Frost Bankers/Dec	CFBI	o	34–18	23–18	18½	–7	68	NM– 5	12.9	10.5	0.37
Cummins Engine/Dec	CUM	n	89–26	79–58	75½	1	74	NM– 3	14.3	9.4	0.34
Cyclops/Dec	CYL	n	62–14	62–43	59⅛	18	86	NM– 4	9.6	11.6	0.17
Dana/Dec	DCN	n	34–15	34–22	33½	22	89	30– 6	11.4	10.5	0.47
Dart & Kraft/Dec	DKI	n	54–15	54–30	51½	64	120	14– 6	16.0	14.1	0.75

*Range is for less than period indicated. NA not available or not applicable. NM not meaningful. E estimate. Stock prices as of Mar. 21, 1986.

net profit margin	Earnings: latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	Dividends: indicated rate	payout ratio	5-year growth rate	Shares outstanding: common stock (mil)	% held by institutions
24.6%	$3.53	$3.53	$3.25	–8%	19	average	$2.64	75%	–1%	78.5	28%
8.4	3.45	3.27	3.64	11	18	very high	1.36	39	13	26.6	44
1.0	0.53	0.53	NA	NA	NA	NA	0.00	NA	NA	13.1	0
2.0	3.61	3.61	4.31	19	22	average	0.40	11	7	30.0	31
9.1	5.51	5.51	6.04	10	21	very high	3.12	57	6	128.7	55
6.3	3.87	3.87	3.22	–17	7	low	0.00	0	NA	17.0	17
2.4	1.39	1.39	2.49	79	16	very high	1.36	98	3	70.7	40
5.9	3.00	3.06E	3.33	9	15	high	0.80	27	19	21.7	57
1.6	0.51	0.51	1.63	220	6	low	0.74	145	9	10.7	48
8.7	6.91	6.91	6.53	–5	6	very high	2.50	36	12	19.4	43
NM	–2.67	–2.67	3.25	NM	17	average	3.18	NM	6	40.5	38
13.3	7.91	7.91	NA	NA	NA	NA	0.00	0	NA	7.6	26
13.4	5.48	5.48	5.31	–3	19	high	2.16	39	6	32.5	45
NM	–2.87	–2.87	2.19	NM	16	low	1.00	NM	1	33.2	45
9.9	1.58	1.42	1.76	24	4	very high	0.16	10	22	40.3	19
5.2	4.48	4.48	5.65	26	7	average	2.20	49	5	10.4	41
7.7	7.23	7.23	8.01	11	4	very high	2.08	29	5	5.2	22
9.9	2.49	2.49	2.80	12	6	high	1.20	48	14	18.0	55
7.4	4.26	4.26	4.25	0	6	average	1.04	24	6	5.5	23
19.3	4.45	4.45	4.49	1	25	very high	3.00	67	3	194.7	42
21.9	1.51	1.51	1.81	20	31	high	0.28	19	21	30.2	52
1.7	2.85	3.03E	3.40	12	10	average	1.00	35	15	33.2	24
8.0	3.38	3.38	3.71	10	3	high	1.10	33	NA	6.2	0
10.3	4.26	4.26	4.42	4	24	high	2.68	63	13	120.9	28
4.2	3.10	3.10	3.50	13	20	high	1.10	35	10	25.7	77
6.5	5.15	5.15	5.19	1	20	average	2.64	51	7	41.3	30
14.9	4.91	4.91	4.68	–5	13	average	1.48	30	14	21.8	16
NM	–4.42	–4.42	0.62	NM	15	very low	0.00	0	NA	88.1	22
10.7	4.65	4.65	5.23	12	4	very high	2.04	44	11	11.0	10
1.2	1.01	1.01	3.72	268	23	low	2.60	NM	1	55.1	76
4.7	0.43	0.43	0.61	42	10	low	0.00	0	NA	46.3	1
9.4	3.21	3.21	3.04	–5	26	high	1.80	56	5	73.8	43
NM	–14.56	–14.56	0.60	NM	14	very low	0.00	0	NA	40.8	50
4.4	2.79	2.79	3.38	21	21	average	1.60	57	3	45.1	47
4.2	1.52	1.52	1.62	7	16	average	0.50	33	11	35.4	23
18.4	6.05	6.05	3.93	–35	17	high	1.24	20	11	30.2	45
6.4	2.53	2.53	3.88	53	13	high	1.40	55	3	42.9	62
3.4	2.92	2.92	4.35	49	19	very high	2.20	75	4	48.6	54
19.9	2.49	2.49	3.38	36	20	average	0.00	0	NA	29.8	73
12.8	7.81	7.81	NA	NA	NA	NA	0.00	0	NA	14.6	24
0.3	0.46	0.46	1.00	117	1	NM	0.00	0	NA	6.3	7
4.8	6.52	6.52	7.59	16	7	very high	0.00	0	NA	10.5	39
NM	–1.56	–1.56	3.06	NM	10	average	1.00	NM	–19	28.0	23
NM	–0.78	–0.78	3.61	NM	23	high	1.16	NM	5	152.4	52
2.9	1.42	1.42	1.74	23	4	very low	0.94	66	6	7.1	28
2.3	5.27	5.27	8.06	53	12	very low	2.20	42	3	9.6	71
1.8	6.20	6.20	5.15	–17	2	NM	1.10	18	–4	3.9	43
4.4	2.95	2.95	3.20	8	13	average	1.28	43	5	52.6	57
4.7	3.22	3.22	3.66	14	23	very high	1.56	48	8	144.3	54

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro Scan from Ivis Corp., Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Data General/Sep	DGN	n	76–10	50–31	38⅛	–16%	61	NM– 7	NM	32.1	0.82
Dauphin Deposit/Dec	DAPN	o	39– 7	39–18	34	94	142	13– 4	13.3	12.1	1.36
Dayton-Hudson/Jan	DH	n	50–13	50–36	49⅝	30	95	19– 7	16.9	14.2	0.55
Dayton Power & Lt/Dec	DPL	n	23–11	23–15	23¼	50	109	8– 4	23.5	9.2	0.96
Deere/Oct	DE	n	48–22	35–24	34	11	81	NM– 8	NM	64.2	0.58
Delmarva Power & Lt/Dec	DEW	n	31–11	31–23	30⅛	28	93	10– 6	10.9	10.8	1.27
Delta Air Lines/Jun	DAL	n	53–23	53–36	41¼	–10	66	NM– 5	10.5	11.7	0.35
Deluxe Check/Dec	DLX	n	55– 6	55–31	54⅛	72	125	20– 8	22.3	19.3	3.03
Deposit Guaranty/Dec	DEPS	o	38–10	38–21	37½	79	130	9– 4	11.1	10.1	0.86
Detroit Edison/Dec	DTE	n	19–11	19–14	17⅝	11	81	8– 5	7.6	8.6	0.93
Diamond Shamrock/Dec	DIA	n	37–11	21–11	11⅝	–33	49	NM– 6	NM	9.0	0.34
Digital Equipment/Jun	DEC	n	174–62	174–85	153⅛	48	108	29– 9	23.5	17.9	1.31
Dillard Dept Stores/Jan	DDSA	a	45– 2	45–27	42⅛	41	103	20– 4	18.4	15.4	0.77
Walt Disney/Sep	DIS	n	36–11	36–19	34½	76	128	60– 9	26.1	22.0	2.12
Dominion Bankshares/Dec	DMBK	o	45–17	45–28	40⅝	39	101	10– 5	10.9	9.9	0.82
Dominion Resources/Dec	D	n	41–16	41–28	38⅛	32	96	10– 6	10.6	10.1	1.28
RR Donnelley/Dec	DNY	n	79–17	79–51	75⅛	38	101	17– 8	19.5	17.2	1.42
Dover/Dec	DOV	n	49–18	49–32	44⅛	25	91	18– 7	15.6	14.4	1.08
Dow Chemical/Dec	DOW	n	54–20	54–28	52⅜	82	133	NM– 6	NM	14.7	0.86
Dow Jones/Dec	DJ	n	58–17	58–37	54⅛	20	88	36–13	25.2	22.6	3.36
Downey Savings& Loan/Dec	DSL	a	38– 2	38– 7	33⅜	353	330	NM– 1	4.4	7.4	0.80
Dresser Industries/Oct	DI	n	51–12	24–16	18⅛	–10	65	NM– 4	NM	19.8	0.34
Dreyfus/Dec	DRY	n	119– 7	119–45	96⅞	111	154	19– 4	20.2	18.0	6.90
El du Pont/Dec	DD	n	78–30	78–51	72⅛	41	103	15– 5	15.7	12.1	0.60
Duke Power/Dec	DUK	n	42–17	42–30	40½	25	91	10– 5	10.9	10.0	1.41
Dun & Bradstreet/Dec	DNB	n	112–27	112–69	103	43	104	26–12	26.5	22.9	2.83
Duquesne Light/Dec	DQU	n	20–11	20–14	18⅜	16	84	11– 5	8.1	8.1	1.44
E-Systems/Dec	ESY	n	45–10	33–24	29⅞	3	75	31–11	20.3	14.2	0.97
Eastern Air Lines/Dec	EAL	n	13– 4	12– 5	8⅜	33	97	NM–NM	NM	–14.9	0.11
Eastern Gas & Fuel/Dec	EFU	n	29–14	26–22	24⅜	11	81	NM– 5	NM	10.5	0.43
Eastman Kodak/Dec	EK	n	65–40	62–41	59⅞	32	97	37– 8	41.0	18.5	1.27
Eaton/Dec	ETN	n	79–23	79–50	71½	42	103	NM– 6	10.2	10.1	0.64
Jack Eckerd/Jul	ECK	n	35–17	32–20	31⅝	8	79	19– 8	NM	15.6	0.44
EG&G/Dec	EGG	n	43–15	43–33	40½	8	79	26–11	19.6	17.1	0.95
El Paso Electric/Dec	ELPA	o	18– 9	18–13	17⅛	27	92	6– 4	6.2	6.4	1.83
Emerson Electric/Sep	EMR	n	91–38	91–67	88½	24	91	15– 9	16.2	15.2	1.37
Emhart/Dec	EMH	n	41–12	41–26	40⅛	41	103	11– 4	13.9	12.8	0.63
Engelhard/Dec	EC	n	45–17*	31–22	24½	–18	60	25– 6*	15.5	13.2	0.29
Enserch/Dec	ENS	n	35–16	30–18	19⅝	–31	50	NM– 5	NM	14.0	0.32
Entex/Jun	ETX	n	24–10	21–17	18⅜	4	76	13– 4	11.3	8.4	0.31
Equitable Bancorp/Dec	EBNC	o	38– 6	38–21	37	90	138	21– 6	11.7	10.2	0.83
Equitable Resources/Dec	EQT	n	51–13	51–33	37½	–4	71	10– 4	8.8	7.9	1.06
Ethyl/Dec	EY	n	39– 5	39–18	36⅛	95	142	17– 4	19.8	14.8	1.05
Ex-Cell-O/Nov	XLO	n	53–18	53–34	51⅛	31	100	13– 5	12.7	0.0	0.64
Exxon/Dec	XON	n	56–25	56–48	54⅞	10	80	9– 5	8.5	9.0	0.46
Far West Financial/Dec	FWF	n	61– 6	61–24	58⅛	128	166	NM– 4	7.4	7.3	0.42
Farm & Home Savings/Dec	FAHS	o	28–12*	28–19	22⅞	–15	62	NM–12*	11.7	9.2	0.54
Farmers Group/Dec	FGRP	o	91–25	91–55	86⅛	57	114	13– 7	16.0	14.3	3.01
Federal Express/May	FDX	n	74–21	74–34	63	79	130	29–11	24.3	15.7	1.37

*Range is for less than period indicated. †Does not include dividends in stock in another company. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

net profit margin	Earnings: latest 12 months EPS	Earnings: 1985 EPS	Earnings: estimated 1986 EPS	Earnings: % change '86 vs '85 EPS	Earnings: number of analysts	Earnings: confidence factor on estimate	Dividends: indicated rate	Dividends: payout ratio	Dividends: 5-year growth rate	Shares outstanding: common stock (mil)	Shares outstanding: % held by institutions
0.2%	$9.00	$0.92	$1.19	29%	31	low	$0.00	0%	NA	25.6	67%
9.6	2.55	2.55	2.80	10	1	NM	1.08	42	10%	10.1	14
3.2	2.92	2.92	3.47	19	25	high	0.84	29	10	97.2	63
5.7	0.99	0.99	2.53	156	12	low	2.00	202	2	40.9	21
0.6	0.36	0.45	0.53	18	26	very low	1.00	278	–19	67.9	73
13.4	2.76	2.76	2.80	1	21	average	2.02	73	6	30.5	16
3.3	3.92	6.50	3.52	–46	29	low	1.00	26	–6	40.1	64
13.6	2.43	2.43	2.81	16	12	very high	1.04	43	31	42.8	47
7.7	3.40	3.40	3.73	10	5	very high	1.14	34	6	6.4	18
15.7	2.33	2.33	2.06	–12	18	average	1.68	72	1	146.6	22
NM	–5.09	–5.09	1.30	NM	25	low	1.00	NM	–2	118.1	35
5.7	6.54	.42	8.59	16	37	average	0.00	0	NA	60.1	82
4.2	2.29	2.29	2.75	20	9	average	0.12	5	21	29.1	39
8.4	1.31	1.29	1.56	21	21	average	0.32	24	2	129.5	40
7.8	3.73	3.73	4.11	10	10	very high	1.32	35	6	10.1	25
11.8	3.60	3.60	3.76	4	26	very high	2.84	79	7	90.9	26
7.3	3.88	3.88	4.39	13	13	very high	1.28	33	17	38.2	59
6.9	2.83	2.83	3.08	9	12	average	0.88	31	8	35.2	49
0.5	0.31	0.31	3.57	NM	30	average	1.80	NM	0	190.2	49
13.3	2.15	2.15	2.39	11	16	high	0.82	38	15	64.5	31
18.0	7.53	7.53	4.50	–40	1	NM	0.27	4	0	7.1	5
NM	–2.64	–2.58	0.92	NM	29	very low	0.80	NM	3	76.2	64
31.6	4.80	4.80	5.38	12	4	average	1.34	28	23	12.5	44
3.8	4.61	4.61	6.01	30	32	average	3.00	65	4	240.6	32
15.1	3.72	3.72	4.07	9	24	high	2.60	70	5	101.2	44
10.6	3.88	3.88	4.49	16	18	very high	2.20	57	17	76.0	65
19.2	2.26	2.26	2.26	0	12	high	2.06	91	3	71.5	15
4.9	1.47	1.47	2.11	44	28	high	0.50	34	20	30.0	47
0.1	–0.37	–0.37	–0.58	NM	15	very low	0.00	0	NA	60.6	14
NM	–1.61	–1.61	2.35	NM	14	low	1.30	NM	4	23.0	55
3.1	1.46	1.46	3.23	121	23	low	2.45	168	1	225.7	52
6.3	7.01	7.01	7.11	1	19	average	1.60	23	8	32.8	55
NM	–0.73	–0.22	2.01	NM	14	average	1.04	NM	5	35.9	54
4.8	2.07	2.07	2.37	14	12	very high	0.52	25	15	27.2	44
33.3	2.88	2.88	2.79	–3	8	average	1.52	53	4	34.7	26
8.6	5.46	5.43	5.81	7	21	very high	2.76	51	9	72.5	64
4.5	2.90	2.90	3.14	8	9	average	1.40	48	7	27.7	43
1.9	1.58	1.58	1.85	17	11	low	0.72	46	10	26.9	30
NM	–1.12	–1.12	1.38	NM	21	very low	1.60	NM	3	56.0	53
2.8	1.66	1.78	2.23	25	9	low	1.36	82	9	22.4	40
8.1	3.17	3.17	3.63	15	5	high	1.00	32	29	9.0	30
11.6	4.27	4.27	4.76	12	9	low	1.72	40	30	0.0	37
5.4	1.83	1.83	2.45	34	22	average	0.64	35	11	62.8	35
5.1	4.05	4.05	4.71	16	14	high	1.72	42	3	14.3	50
5.6	6.46	6.46	6.13	–5	38	low	3.60	56	4	730.6	33
5.6	7.89	7.89	8.00	1	1	NM	0.00	0	NA	2.0	4
4.7	1.95	1.95	2.50	28	1	NM	0.50	26	NA	6.9	0
18.6	5.43	5.43	6.05	11	19	high	2.00	37	12	34.4	60
5.3	2.59	3.03E	4.02	33	15	average	0.00	0	NA	50.4	62

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; and Media General from Interactive Data Corp. Forbes

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Fedl Natl Mortgage/Dec	FNM	n	33– 6	33–15	30	88%	137	NM–13	57.7	10.1	0.21
Federated Dept Strs/Jan	FDS	n	79–32	79–54	74¾	33	97	15– 5	12.7	10.8	0.37
Fidelcor/Dec	FICR	o	42– 8	42–24	41¾	68	122	10– 3	9.9	9.6	0.69
Fifth Third Bancorp/Dec	FITB	o	78–15	78–43	78	81	132	11– 5	13.5	12.2	2.02
Finl Corp of America/Dec	FIN	n	33– 4	17– 5	13⅜	96	143	NM– 3	NM	5.4	0.15
Fin Cp Santa Barbara/Dec	FSB	n	14– 3	14– 4	11	159	189	NM– 6	18.6	5.5	0.16
Fireman's Fund/Dec	FFC	n	45–27*	45–27*	42½	54*	123*	NA–NA	NM	16.5	0.84
Firestone/Oct	FIR	n	27– 9	27–18	25⅜	40	102	NM– 4	NM	12.6	0.27
First Alabama Bcshs/Dec	FABC	o	40–10	40–25	37½	48	108	11– 4	11.4	10.4	1.54
First American/Dec	FATN	o	31– 8	31–19	28⅝	52	111	11– 4	11.4	10.0	1.00
First Bncp of Ohio/Dec	FBOH	o	47–10	47–25	45	78	130	10– 4	11.8	NA	1.50
First Bank System/Dec	FBS	n	57–14	57–31	55½	75	128	8– 4	9.8	8.8	0.62
First Boston/Dec	FBC	o	63– 6	63–33	60⅝	77	129	11– 2	14.2	13.4	0.71
First Capital/Dec	FCAP	o	50–21	50–28	49½	77	129	10– 6	10.3	8.8	1.05
First Chicago/Dec	FNB	n	33–14	33–20	31⅛	43	104	NM– 4	11.0	7.3	0.37
First Citizens/Dec	—	—	3550–400	3550–2000	3550	56	115	11– 3	11.0	NA	0.97
First City Bancorp/Dec	FBT	n	41– 8	16– 8	8⅝	–42	43	22– 4	11.2	11.0	0.15
First Columbia Finl/Dec	FCLF	o	30– 3	30–15	25½	65	120	NM– 3	8.6	5.0	0.18
First Commerce/Dec	FCOM	o	29–14	29–18	19¼	–20	59	17– 5	9.9	8.3	0.67
First Empire State/Dec	FEMP	o	91–14	91–48	84½	74	127	21– 3	10.2	9.1	0.84
First Executive/Dec	FEXC	o	26– 4	26–12	25⅛	91	139	20– 6	12.6	13.7	0.41
First Federal Mich/Dec	FFOM	o	27– 6*	27–14	25⅛	73	126	5– 2*	4.8	5.5	0.25
First Fidelity Bncp/Dec	FFB	n	34–10	34–24	34⅛	39	101	9– 3	9.6	9.0	1.66
First Florida Banks/Dec	FFBK	o	35– 8	35–23	34½	50	109	13– 5	12.6	11.0	1.34
First Hawaiian/Dec	FHWN	o	43–11	43–28	39½	41	103	9– 4	9.7	9.1	0.89
First Interstate/Dec	I	n	65–22	65–46	63	36	99	9– 4	9.2	8.6	0.52
First Jersey Natl/Dec	FJNC	o	48–12	48–30	45¼	44	105	11– 3	10.1	10.4	0.93
First Kentucky Natl/Dec	FKYN	o	40– 8	40–27	39½	42	104	11– 4	12.7	11.5	1.24
First Maryland Bncp/Dec	FMDB	o	33– 8	33–17	30⅛	78	130	15– 4	13.7	12.4	0.88
First National Cinc/Dec	FNAC	o	43–11	43–26	41¼	57	115	14– 4	12.5	11.2	1.38
First of America Bk/Dec	FABK	o	50– 9	50–30	48	61	117	9– 4	9.2	9.8	0.77
First Pennsylvania/Dec	FPA	n	10– 2	10– 6	9⅛	35	98	NM–32	NM	21.0	0.38
First RR & Banking/Dec	FRRG	o	51– 9	51–32	49¼	49	109	14– 4	13.6	12.1	1.27
First Security/Dec	FSCO	o	30–14	30–19	26½	12	81	16– 4	17.0	11.8	0.56
First Tennessee Natl/Dec	FTEN	o	31– 8	31–23	30⅛	29	94	10– 4	11.0	9.7	0.80
First Union/Dec	FUNC	o	55–12	55–36	54⅛	45	106	11– 4	12.7	10.7	1.36
First Virginia Banks/Dec	FVB	n	32– 7	32–21	30	39	101	11– 4	11.6	10.6	1.30
First Wachovia/Dec	FW	n	44–11	44–31	43	29	94	11– 5	12.3	11.3	1.31
First Wisconsin/Dec	FWB	n	48–11	48–26	47⅜	82	133	11– 3	11.3	10.1	0.73
FirsTier/Dec	FRST	o	55–21	55–44	51½	8	79	9– 4	8.7	NA	0.51
Fleet Financial/Dec	FLT	n	50–10	50–31	48⅜	51	110	10– 3	10.4	10.0	1.06
Fleming Cos/Dec	FLM	n	45–11	45–34	43¾	10	80	15– 6	15.1	13.5	0.13
Florida Federal S&L/Jun	FLFE	o	22–13*	22–15	16⅛	2	75	NM– 7*	NM	NM	0.29
Florida Natl Banks/Dec	FNBF	o	46–12	46–34	44½	29	94	17– 4	6.2	10.5	0.89
Florida Progress/Dec	FPC	n	37–13	37–24	36⅛	42	103	9– 4	10.2	10.3	1.02
Fluor/Oct	FLR	n	51–12	20–14	16¼	–9	66	NM– 5	NM	NM	0.30
FMC/Dec	FMC	n	90–23	90–60	88⅛	41	103	49– 5	11.8	12.3	0.70
Food Lion/Dec	FDLNB	o	30– 5	30–17	27⅛	66	121	34–12	30.8	NA	0.79
Ford Motor/Dec	F	n	82–11	82–40	79⅛	83	133	NM– 2	5.8	6.4	0.28

*Range is for less than period indicated. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

net profit margin	latest 12 months EPS	Earnings 1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	Dividends indicated rate	payout ratio	5-year growth rate	Shares outstanding common stock (mil)	% held by institutions
0.4%	$0.52	$0.52	$2.96	469%	15	low	$0.16	31%	–9%	72.9	72%
2.9	5.88	5.88	6.93	18	25	high	2.54	43	7	48.8	66
7.4	4.20	4.20	4.34	3	10	very high	1.32	31	33	10.7	47
14.9	5.77	5.77	6.38	11	3	very high	1.80	31	12	7.7	29
0.3	–0.19	–0.19	2.54	NM	8	very low	0.00	0	NA	35.9	15
1.0	0.59	0.59	2.00	239	1	NM	0.00	0	NA	4.6	6
NM	–0.67	–0.67	2.58	NM	16	low	0.30	NM	NA	66.2	13
NM	–0.14	–0.14	2.04	NM	12	average	0.80	NM	10	39.6	53
13.4	3.31	3.31	3.64	10	9	very high	1.28	39	10	15.5	42
8.9	2.52	2.52	2.85	13	7	high	0.94	37	9	15.9	23
12.7	3.82	3.82	NA	NA	NA	NA	1.50	39	28	7.2	16
6.6	5.68	5.68	6.31	11	25	high	1.76	31	7	27.8	64
5.3	4.29	4.29	4.52	5	8	average	1.00	23	19	28.6	36
10.2	4.82	4.82	5.60	16	1	NM	1.50	31	4	4.4	5
3.9	2.84	2.84	4.31	52	27	high	1.32	46	3	51.8	68
8.9	322.45	322.45	NA	NA	NA	NA	10.00	3	NA	0.1	NA
2.3	0.75	0.75	0.76	1	26	very low	0.10	13	–3	32.5	24
2.1	2.98	4.30E	5.05	17	2	NM	0.00	0	NA	2.5	25
7.2	1.94	1.94	2.33	20	9	low	1.20	62	15	10.9	13
8.4	8.25	8.25	9.25	12	1	NM	1.40	17	23	2.6	12
4.3	2.05	2.05	1.88	–8	11	average	0.00	0	NA	45.8	36
4.9	5.26	5.26	4.60	–13	4	low	0.00	0	NA	10.9	42
8.9	3.58	3.58	3.82	7	7	very high	1.56	44	8	25.5	28
10.6	2.73	2.73	3.14	15	4	low	0.44	16	4	15.7	23
9.1	4.06	4.06	4.35	7	1	NM	1.60	39	1	6.7	34
6.0	6.84	6.84	7.36	8	28	very high	2.50	37	5	43.5	70
8.9	4.47	4.47	4.37	–2	5	average	1.80	40	8	7.0	28
9.7	3.12	3.12	3.43	10	7	very high	1.14	37	6	13.5	46
6.1	2.23	2.23	2.46	10	8	high	0.88	39	3	13.4	12
10.8	3.31	3.31	3.68	11	2	NM	1.48	45	4	10.6	19
8.4	5.19	5.19	4.91	–5	4	low	1.40	27	10	8.2	32
3.0	–0.13	–0.13	0.44	NM	10	very low	0.00	0	NA	23.2	9
9.5	3.63	3.63	4.08	12	5	high	1.08	30	18	11.0	10
3.3	1.56	1.56	2.25	44	8	low	1.10	71	1	12.1	42
7.2	2.75	2.75	3.12	13	7	average	1.12	41	14	13.8	41
10.5	4.32	4.32	5.14	19	21	high	1.24	29	11	41.1	36
11.2	2.59	2.59	2.84	10	10	very high	0.92	36	12	15.5	17
10.7	3.51	3.51	3.81	9	31	high	1.00	28	NA	53.3	9
6.5	4.21	4.21	4.71	12	8	high	1.30	31	13	9.3	36
5.9	5.94	5.94	NA	NA	NA	NA	2.20	37	6	2.4	31
10.4	4.67	4.67	4.84	4	16	high	1.44	31	12	17.3	47
0.8	2.87	2.87	3.20	11	13	high	1.00	35	14	21.7	42
NM	–3.50	–0.45	–1.69	NM	3	very low	0.00	0	NA	9.4	23
14.7	7.13	7.13	4.23	–41	4	average	0.80	11	10	12.0	27
9.7	3.53	3.53	3.51	–1	22	average	2.28	65	7	46.9	33
NM	–7.31	–7.80	0.11	NM	16	very low	0.40	NM	–17	79.2	41
6.0	7.54	7.54	7.20	–5	13	average	2.20	29	9	25.7	51
2.6	0.90	0.90	NA	NA	NA	NA	9.00	10	17	53.2	5
4.8	13.63	13.63	12.29	–10	26	low	2.80	21	0	186.1	53

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro Scan from Issy Corp.; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Fort Howard Paper/Dec	FHP	n	54–14	54–31	50⅞	59%	116	20– 9	20.6	18.2	2.51
Fourth Financial/Dec	FRTH	o	32–10	26–17	25½	–8	68	10– 4	11.5	10.2	1.02
FPL Group/Dec	FPL	n	34–13	34–21	29½	30	95	9– 5	9.5	8.9	0.82
Freeport-McMoRan/Dec	FTX	n	39–12	22–14	17⅛	–13	63	34– 7	10.4	13.4	1.48
Fremont General/Dec	FRMT	o	34– 6	34–22	34	22	89	NM– 5	4.0	16.9	0.61
Fruehauf/Dec	FTR	n	38–10	38–20	36¼	54	113	NM– 5	10.3	9.6	0.27
GAF/Dec	GAF	n	74– 9	74–30	72⅛	136	172	NM– 8	23.0	15.6	1.74
Gannett/Dec	GCI	n	74–20	74–53	70	21	89	21– 9	22.2	19.5	2.54
GATX/Dec	GMT	n	42–20	42–28	41¼	23	90	NM– 5	NM	15.7	0.76
Geico/Dec	GEC	n	95–19	95–65	91½	22	89	21– 6	9.9	15.9	1.33
Gelco/Jul	GEL	n	30–13	23–16	20	3	75	35– 6	13.7	12.2	0.27
GenCorp/Nov	GY	n	83–17	83–38	81½	98	145	NM– 5	24.3	14.4	0.60
Genentech/Dec	GENE	o	73– 9	73–20	64	181	205	NM–NM	NM	NM	25.70
General Cinema/Oct	GCN	n	49– 7	49–30	46	41	103	20– 7	19.0	17.2	1.54
General Dynamics/Dec	GD	n	87–19	87–62	81¾	11	81	19– 7	9.0	8.0	0.43
General Electric/Dec	GE	n	79–26	79–56	76	29	94	14– 7	14.8	13.6	1.23
General Mills/May	GIS	n	80–28	80–46	74⅜	45	106	31– 6	26.2	15.0	0.79
General Motors/Dec	GM	n	87–33	87–63	83¾	17	85	34– 4	6.8	7.6	0.27
General Public Utils/Dec	GPU	n	20– 4	20–12	19⅛	60	117	21– 5	12.5	6.9	0.42
General Re/Dec	GRN	n	129–31	129–72	124¼	71	125	43– 8	42.8	19.1	2.84
General Signal/Dec	GSX	n	54–28	53–37	50¼	15	84	27– 7	29.2	14.1	0.80
Genuine Parts/Dec	GPC	n	45–19	45–30	42⅝	35	99	17–10	18.3	17.1	1.00
Georgia Federal Bank/Dec	GFED	o	27– 7*	27–12	27½	120	161	23– 8*	10.7	9.6	0.69
Georgia-Pacific/Dec	GP	n	34–13	34–21	32⅜	47	108	57– 8	21.2	13.5	0.50
Gerber Products/Mar	GEB	n	45–11	45–28	44⅛	49	109	17– 5	18.0	13.9	0.94
Giant Food/Feb	GFSA	a	27– 3	27–17	26	45	106	15– 4	13.7	12.0	0.35
Gibraltar Financial/Dec	GFC	n	16– 3	13– 5	10½	6	78	NM– 4	4.5	4.8	0.17
Gillette/Dec	GS	n	88–27	88–58	86¾	47	107	14– 7	16.7	14.8	1.12
GlenFed/Jun	GLN	n	25– 7	25–10	21	100	146	8– 3	7.2	5.8	0.29
Golden West Finl/Dec	GDW	n	44– 3	44–18	34⅜	85	135	NM– 3	6.7	6.5	0.78
BF Goodrich/Dec	GR	n	45–17	45–29	43⅞	51	110	52– 4	NM	16.0	0.31
Goodyear/Dec	GT	n	37–16	36–25	34⅛	27	93	14– 5	9.0	10.7	0.39
Gould/Dec	GLD	n	44–19	38–20	27⅛	19	87	64– 9	NM	16.0	0.85
WR Grace/Dec	GRA	n	57–29	57–36	52¼	27	93	18– 5	18.5	17.5	0.56
WW Grainger/Dec	GWW	n	43–17	43–29	41½	30	95	19– 8	16.7	15.4	1.09
Gt Am First Savings/Dec	GTA	o	29– 8*	29–14	25½	70	124	9– 3*	7.0	5.9	0.37
Great A&P Tea/Feb	GAP	n	25– 4	25–15	23¼	30	95	NM–10	15.7	13.3	0.13
Great Lakes Fedl S&L/Dec	GLFS	o	28– 5	28– 8	25	182	206	7– 3	6.8	6.8	0.36
Gt Northern Nekoosa/Dec	GNN	n	50–19	50–33	36¼	33	97	24– 6	26.3	14.6	0.61
Gt Western Financial/Dec	GWF	n	45–10	45–23	40⅞	52	111	NM– 4	8.1	7.4	0.48
Greyhound/Dec	G	n	36–13	36–24	34¾	26	92	15– 5	14.0	11.1	0.51
Grumman/Dec	GQ	n	36–11	36–23	26¾	1	77	28– 6	10.1	8.7	0.26
GTE/Dec	GTE	n	53–26	53–38	50⅞	28	93	10– 6	NM	8.8	0.69
Guarantee Financial/Dec	GFCC	o	18– 3	18– 6	15¼	144	178	NM– 3	6.6	6.9	0.27
Gulf & Western Inds/Oct	GW	n	61–11	61–33	59	72	125	17– 4	16.8	17.7	1.09
Gulf States Utils/Dec	GSU	n	17–10	17–11	11¾	–15	62	7– 4	5.6	5.9	0.65
Halliburton/Dec	HAL	n	77–21	34–21	23½	–22	57	NM– 4	NM	16.2	0.53
Hammermill Paper/Dec	HML	n	43–14	43–28	39½	26	92	24– 4	22.8	11.8	0.34
Harcourt Brace/Dec	HBJ	n	89–13	89–47	87⅞	81	132	65– 5	18.1	14.4	1.01

*Range is for less than period indicated. †Does not include dividends in stock in another company. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

net profit margin	Earnings: latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	Dividends: indicated rate	payout ratio	5-year growth rate	Shares outstanding: common stock (mil)	% held by institutions
11.5%	$2.47	$2.47	$2.79	13%	23	very high	$0.92	37%	17%	67.2	42%
12.6	2.22	2.22	2.50	13	1	NM	0.88	40	NA	12.2	9
8.6	3.11	3.11	3.30	6	25	high	1.96	63	7	121.1	46
14.4	1.65	1.65	1.28	–22	20	low	0.60†	36	0	66.8	39
15.2	8.40	8.40	2.01	–76	7	low	0.48	6	3	10.8	67
2.7	3.52	3.52	3.79	8	6	average	0.70	20	–21	19.1	55
7.4	3.14	3.14	4.63	47	7	low	0.20	6	0	17.7	40
11.5	3.16	3.16	3.59	14	21	high	1.68	53	9	80.3	73
NM	–3.80	–3.80	2.63	NM	6	low	1.20	NM	–20	12.9	61
14.0	9.25	9.25	5.77	–38	18	average	1.08	12	21	17.7	65
2.0	1.46	1.63	1.64	1	9	average	0.56	38	–20	13.7	68
2.5	3.36	3.36	5.67	69	14	average	1.50	45	2	22.3	46
6.8	0.18	0.18	0.36	100	18	low	0.00	0	NA	32.8	26
9.1	2.42	2.33	2.67	15	13	very high	0.50	21	16	33.2	39
4.7	9.05	9.05	10.22	13	29	high	1.00	11	9	42.5	34
8.3	5.13	5.13	5.59	9	24	high	2.32	45	10	456.0	49
2.9	2.84	4.22E	4.95	17	18	average	2.32	82	10	46.6	67
4.1	12.28	12.38	11.07	–11	26	low	5.00	41	27	316.2	38
3.4	1.54	1.54	2.79	81	14	average	0.00	0	NA	62.9	37
6.4	2.90	2.90	6.52	125	25	average	1.76	61	15	48.5	80
2.7	1.72	1.72	3.57	108	14	high	1.80	105	4	28.7	60
5.5	2.34	2.34	2.50	7	22	high	1.28	55	11	53.2	59
6.4	2.54	2.54	2.85	12	2	NM	0.00	0	NA	7.9	7
2.6	1.54	1.54	2.42	57	24	average	0.80	52	–11	103.2	57
5.2	2.48	2.68E	3.22	20	13	average	1.32	53	12	20.4	51
2.5	1.90	1.89E	2.16	14	7	high	0.50	26	25	30.1	21
3.8	2.34	2.34	2.21	–6	12	low	0.20	9	0	16.7	20
6.7	5.18	5.18	5.86	13	21	very high	2.72	53	6	30.9	55
4.1	2.91	2.44	3.64	49	10	average	0.30	10	0	21.1	0
11.6	5.14	5.14	5.36	4	18	average	0.16	3	0	31.2	54
NM	–15.79	–15.79	2.74	NM	15	low	1.56	NM	0	22.7	74
4.3	3.84	3.84	3.21	–16	13	low	1.60	42	5	108.1	69
NM	–3.94	–3.94	1.70	NM	17	low	0.68	NM	–25	44.4	54
2.8	2.82	2.82	2.99	6	17	average	2.80	99	2	55.2	35
6.6	2.47	2.47	2.68	9	21	average	0.68	28	5	28.9	65
5.2	3.65	3.65	4.32	18	8	average	0.48	13	NA	12.6	49
0.8	1.48	1.52E	1.75	15	1	NM	0.10	7	0	37.9	29
5.3	3.67	3.67	3.66	0	3	average	0.30	8	0	3.8	21
2.4	1.78	1.78	3.20	80	16	low	1.52	85	5	25.3	63
5.9	5.02	5.02	5.53	10	17	average	1.00	20	11	40.1	71
3.8	2.48	2.48	3.12	26	13	average	1.32	53	1	46.4	41
2.7	2.65	2.65	3.08	16	17	low	1.00	38	11	29.1	27
NM	–0.95	–0.95	5.77	NM	35	high	3.16	NM	3	211.8	50
4.2	2.32	2.32	2.20	–5	2	NM	0.40	17	0	6.1	3
7.0	3.51	3.27	3.34	2	15	average	0.90	26	6	62.3	48
14.3	2.10	2.10	2.00	–5	18	low	1.64	78	2	103.4	26
0.6	0.27	0.27	1.45	437	33	very low	1.80	NM	7	108.7	53
1.5	1.73	1.73	3.35	94	13	average	1.36	79	5	16.2	33
5.1	4.85	4.85	6.09	26	6	high	1.00	21	0	11.4	52

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; and Micro Scan from Ives Corp. Figures

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Harris Corp/Jun	HRS	n	60–20	31–22	29⅛	4%	76	29– 8	19.3	18.6	0.51
Harsco/Dec	HSC	n	26–10	26–17	26¼	46	106	18– 5	12.9	12.1	0.62
Hartford National/Dec	HNAT	o	44–12	44–27	42¾	55	113	9– 4	10.3	9.3	1.05
Hasbro/Dec	HAS	a	47– 1	47–27	46¾	66	121	15– 4	13.2	11.9	0.91
HJ Heinz/Apr	HNZ	n	40– 8	40–23	36¾	51	110	19– 6	17.5	15.2	1.16
Hercules/Dec	HPC	n	47–17	47–32	45½	39	102	18– 6	19.0	13.4	0.96
Hershey Foods/Dec	HSY	n	62–16	62–39	60	45	105	15– 6	16.8	14.1	0.94
Hewlett-Packard/Oct	HWP	n	48–18	45–29	42	24	90	31–12	22.2	19.4	1.65
Hibernia/Dec	HIBC	o	26– 9	26–18	22¾	6	78	9– 4	8.4	7.3	0.95
Hilton Hotels/Dec	HLT	n	74–28	74–57	70⅝	17	85	20– 8	17.5	16.2	2.56
Holiday Corp/Dec	HIA	n	69–22	69–49	64⅛	25	91	27– 6	12.7	14.7	0.90
Home Federal S&L/Dec	HFD	o	36–12*	36–18	30⅝	35	99	25– 4*	8.6	6.3	0.55
Home Group/Dec	HME	a	32–16*	32–16*	30½	61*	129*	NM–NM*	NM	20.9	0.60
Homestake Mining/Dec	HM	n	38– 8	28–22	25⅜	–2	71	70–17	54.5	34.6	4.26
Honeywell/Dec	HON	n	87–30	87–54	74	28	94	17– 5	12.0	10.9	0.51
Horizon Bancorp/Dec	HZB	n	42– 9	42–24	40⅞	73	126	12– 4	12.2	11.0	1.14
George A Hormel/Oct	HRL	a	30– 7	30–16	28	67	122	15– 5	13.7	12.6	0.33
Hospital Corp/Dec	HCA	n	57–19	52–28	40⅝	–13	63	25– 9	12.9	11.0	0.84
Household Intl/Dec	HI	n	47–14	47–33	45¼	25	91	13– 5	12.4	10.9	0.69
Houston Industries/Dec	HOU	n	31–17	31–23	30⅛	31	96	16– 5	6.9	7.0	0.82
Howard Savings Bank/Dec	HWRD	o	42–11*	42–19	38½	91	140	41– 7*	13.5	10.5	0.59
Hughes Tool/Dec	HT	n	45–10	16–10	10⅝	–30	51	NM– 4	NM	NM	0.46
Humana/Aug	HUM	n	37–12	37–26	29⅝	2	75	22–11	13.4	12.4	1.26
Huntington Bancshs/Dec	HBAN	o	33– 7	33–19	32½	70	124	10– 4	12.2	NA	0.97
EF Hutton Group/Dec	EFH	n	53–18	44–29	41⅜	12	82	25– 5	25.6	16.2	0.41
IC Industries/Dec	ICX	n	48–12	48–29	46¾	46	106	14– 4	15.4	14.3	0.54
ICH/Dec	ICH	a	69– 3	69–43	68⅜	28	93	14– 3	7.1	8.7	0.71
Idaho Power/Dec	IDA	n	26–10	26–20	25¼	23	90	11– 5	11.7	10.8	1.90
Illinois Power/Dec	IPC	n	29–17	29–21	28	13	82	8– 4	8.0	7.7	1.51
Illinois Tool Works/Dec	ITW	n	43–12	43–27	41½	21	88	29– 7	33.2	15.7	1.75
Imperial Corp of Am/Dec	ICA	n	25– 5	14– 7	11½	33	97	NM–37	NM	8.0	0.17
Indiana National/Dec	INAT	o	42– 8	42–24	40	66	121	10– 3	10.8	10.1	0.96
Ingersoll-Rand/Dec	IR	n	80–36	69–45	68¾	52	111	NM– 4	18.2	14.1	0.52
Inland Steel/Dec	IAD	n	36–18	28–20	27⅝	17	85	NM– 6	NM	19.0	0.23
Intel/Dec	INTC	o	50–10	32–21	27¼	0	73	NM–13	NM	77.9	2.32
Interco/Feb	ISS	n	85–36	80–61	78¾	26	92	18– 5	15.3	12.2	0.45
InterFirst/Dec	IFC	n	32– 8	12– 8	7⅞	–27	53	NM– 4	8.7	8.8	0.24
Intergraph/Dec	INGR	o	41– 4	41–21	30½	2	74	45–17	24.4	18.2	3.21
IBM/Dec	IBM	n	161–48	161–117	149	18	86	15– 8	14.0	12.2	1.83
Intl Flavors & Frag/Dec	IFF	n	41–17	41–27	37⅞	33	97	21– 9	20.0	17.1	2.80
Intl Minerals & Chem/Jun	IGL	n	52–24	44–30	35⅛	–14	63	19– 4	14.0	53.2	0.62
Intl Multifoods/Feb	IMC	n	43–18	43–27	41½	49	109	14– 4	13.7	11.4	0.26
International Paper/Dec	IP	n	65–33	65–44	60	21	88	32– 4	28.2	18.6	0.64
InterNorth/Dec	INI	n	55–21	55–35	37⅜	–29	52	14– 4	10.7	10.5	0.16
Iowa-Illinois G&E/Dec	IWG	n	41–15	41–28	40	39	101	9– 5	9.8	9.3	0.93
Ipalco Enterprises/Dec	IPL	n	46–18	46–32	41⅞	23	90	11– 6	11.0	10.1	1.67
Irving Bank/Dec	V	n	54–16	54–33	51⅜	50	110	7– 3	8.4	7.8	0.45
ITT/Dec	ITT	n	48–21	48–30	46⅜	34	98	20– 5	24.7	12.4	0.33
IU International/Dec	IU	n	30–11	18–11	17¼	2	75	NM– 3	NM	15.4	0.25

*Range is for less than period indicated. NA not available or not applicable. NM not meaningful. E estimate. Stock prices as of Mar. 21, 1986.

net profit margin	latest 12 months EPS	Earnings 1985 EPS	Earnings estimated 1986 EPS	Earnings % change '86 vs '85 EPS	Earnings number of analysts	Earnings confidence factor on estimate	Dividends indicated rate	Dividends payout ratio	Dividends 5-year growth rate	Shares outstanding common stock (mil)	Shares outstanding % held by institutions
2.6%	$1.51	$2.00	$1.57	–22%	23	low	$0.88	58%	0%	40.3	53%
4.8	2.03	2.03	2.17	7	4	average	0.92	45	3	29.8	29
10.2	4.15	4.15	4.59	11	7	very high	1.72	41	9	19.4	26
8.0	3.55	3.55	3.92	10	9	average	0.15	4	40	24.1	29
6.8	2.10	2.14E	2.42	13	18	very high	0.90	43	18	133.6	49
5.1	2.40	2.40	3.40	42	26	average	1.60	67	6	54.3	65
5.6	3.58	3.58	4.27	19	15	very high	1.50	42	12	31.3	24
7.3	1.89	1.91	2.17	14	34	average	0.22	12	22	257.5	46
10.0	2.64	2.64	3.07	16	7	high	1.00	38	NA	10.3	12
14.6	4.03	4.03	4.36	8	21	average	1.80	45	1	24.8	58
7.8	5.06	5.06	4.36	–14	20	low	1.16	23	8	25.2	50
6.3	3.53	3.53	4.86	38	15	average	0.20	6	NA	20.7	87
NM	–4.88	–5.19E	1.46	NM	6	very low	0.00	0	NA	39.4	50
7.8	0.47	0.47	0.74	57	16	very low	0.20	43	–14	49.4	25
4.3	6.16	6.16	6.82	11	24	very high	2.00	32	4	45.8	71
9.9	3.35	3.35	3.73	11	6	very high	1.28	38	5	8.6	22
2.4	2.04	2.01	2.23	11	6	high	0.56	27	12	19.2	30
6.8	3.14	3.14	3.68	17	38	high	0.66	21	24	86.4	66
6.2	3.65	3.65	4.15	NM	10	average	1.81	50	2	51.3	67
11.4	4.42	4.42	4.39	–1	22	high	2.64	60	8	108.5	50
4.3	2.86	2.86	3.65	28	2	NM	0.00	0	NA	5.6	27
0.3	0.07	0.07	–0.23	NM	26	very low	0.48	686	–9	55.8	50
9.5	2.21	2.19	2.38	9	37	very high	0.76	34	30	97.4	50
8.3	2.66	2.66	NA	NA	NA	NA	0.84	32	11	18.9	19
1.4	1.63	1.63	2.58	58	11	low	0.88	54	8	31.1	39
3.7	3.04	3.04	3.28	8	12	average	1.44	47	7	51.2	55
9.4	9.58	9.58	7.89	–18	3	low	0.25	3	0	15.7	6
18.8	2.16	2.16	2.34	8	17	high	1.72	80	7	33.9	68
20.6	3.48	3.48	3.65	5	20	average	2.64	76	3	62.8	39
5.3	1.25	1.25	2.65	112	10	average	0.72	58	5	25.2	63
NM	–1.16	–1.16	1.44	NM	11	very low	0.00	0	NA	14.2	35
8.9	3.69	3.69	3.95	7	5	very high	1.10	30	10	8.6	41
3.0	3.78	3.78	4.86	29	20	average	2.60	69	–8	19.9	63
NM	–7.37	–7.37	1.44	NM	14	very low	0.00	0	–34	25.5	73
0.1	0.01	0.01	0.35	NM	36	very low	0.00	0	NA	116.1	39
3.2	5.15	5.57E	6.47	16	9	average	3.08	60	2	14.3	63
2.8	0.91	0.91	0.90	–1	26	low	0.60	66	–17	67.1	31
12.9	1.25	1.25	1.68	34	28	average	0.00	0	NA	55.4	51
13.1	10.67	10.67	12.26	15	40	high	4.40	41	8	615.4	51
13.9	1.89	1.89	2.22	17	15	average	1.16	61	5	37.1	46
4.4	2.51	4.39	0.66	NM	17	very low	1.00	40	–1	27.0	71
1.9	3.02	3.15E	3.65	16	10	high	1.76	58	6	8.2	42
2.9	2.13	2.13	3.22	51	20	low	2.40	113	2	47.9	56
2.0	3.51	3.51	3.57	2	24	low	2.48	71	6	44.7	51
10.6	4.07	4.07	4.29	5	7	very high	2.90	71	5	13.1	18
15.1	3.81	3.81	4.13	8	20	high	3.04	80	6	18.8	31
5.7	6.14	6.14	6.61	8	16	very high	2.08	34	6	17.8	14
1.5	1.89	1.89	3.75	98	17	low	1.00	53	–23	140.5	21
NM	–6.43	–6.43	1.12	NM	14	low	0.60	NM	–3	27.1	45

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro Scan from Data Corp.; Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
James River Corp Va/Apr	JR	n	45– 9	45–24	43⅞	75%	127	15– 6	14.6	10.8	0.58
Jefferson-Pilot/Dec	JP	n	56–15	56–36	54	33	97	12– 5	12.3	11.6	1.48
Jim Walter/Aug	JWC	n	60–13	60–31	55⅞	64	120	NM– 5	10.5	11.5	0.55
Johnson & Johnson/Dec	JNJ	n	56–28	56–39	54¼	33	97	20–11	16.1	16.5	1.54
Johnson Controls/Sep	JCI	n	63–18	63–39	60⅞	47	107	12– 5	12.6	12.0	0.54
K mart/Jan	KM	n	45–15	45–31	44⅛	32	96	26– 7	25.5	10.4	0.25
Kaiser Alum & Chem/Dec	KLU	n	28–12	23–13	21⅞	59	116	NM– 4	NM	27.0	0.48
Kansas City P&L/Dec	KLT	n	27–13	27–18	27⅜	18	86	7– 3	6.2	8.6	1.41
Kansas Gas & Elec/Dec	KGE	n	21–10	20–10	16⅝	–13	64	7– 4	7.8	15.1	1.64
Kansas Power & Light/Dec	KAN	n	47–16	47–33	46	31	96	9– 4	9.3	9.6	0.59
Kellogg/Dec	K	n	42– 9	42–23	40	62	118	16– 6	17.5	15.4	1.68
Kemper/Dec	KEMC	o	101–23	101–50	97½	93	141	27– 4	17.2	14.7	0.58
Kentucky Utilities/Dec	KU	n	36–14	36–24	35½	38	101	11– 6	12.5	11.3	1.25
Kerr-McGee/Dec	KMG	n	44–23	36–25	27¼	–12	64	33– 6	10.4	10.8	0.40
KeyCorp/Dec	KEY	o	31– 5	31–17	28⅜	63	119	10– 4	10.9	9.8	1.01
Kidde/Dec	KDE	n	38–17	38–30	36½	5	77	11– 4	11.0	12.5	0.36
Kimberly-Clark/Dec	KMB	n	89–28	89–48	83¾	73	126	12– 6	14.3	13.2	0.94
Knight-Ridder News/Dec	KRN	n	52–14	52–32	46¾	29	94	19– 9	21.3	17.2	1.52
Koppers/Dec	KOP	n	29–11	29–15	27⅞	48	108	NM–10	NM	15.6	0.57
Kroger/Dec	KR	n	50–19	50–40	46⅛	16	84	14– 4	11.3	10.5	0.12
Lear Siegler/Jun	LSI	n	61–20	61–46	58⅝	22	89	12– 5	12.3	13.0	0.46
Leaseway Transport/Dec	LTC	n	48–24	40–29	39	20	88	18– 6	7.4	12.6	0.32
Libbey-Owens-Ford/Dec	LOF	n	76–20	76–42	75¾	66	121	44– 7	13.2	13.4	0.54
Life Investors/Dec	LINV	o	49–17	49–43	48¼	12	82	19–10	13.2	11.1	0.55
Eli Lilly/Dec	LLY	n	71–23	71–38	68¼	77	129	15– 8	18.5	16.8	2.91
Limited/Jan	LTD	n	41– 1	41–18	37	93	141	44– 7	30.8	21.8	1.86
LIN Broadcasting/Dec	LINB	o	48– 7	48–26	45	69	123	28– 9	32.1	29.2	6.94
Lincoln National/Dec	LNC	n	63–17	63–37	60	45	106	13– 5	12.3	11.5	0.54
Litton Industries/Jul	LIT	n	94–35	94–66	84	22	89	13– 5	11.7	11.9	0.50
Liz Claiborne/Dec	LIZC	o	38– 2	38–17	34	52	140	22– 7	24.0	19.5	5.26
Lockheed/Dec	LK	n	60– 9	60–43	58	18	86	11– 6	9.5	8.2	0.40
Loews/Dec	LTR	n	69–11	69–42	65¼	51	110	10– 4	9.1	10.3	0.80
Long Island Lighting/Dec	LIL	n	18– 4	12– 6	11½	74	127	7– 1	2.9	3.9	0.63
Longs Drug Stores/Jan	LDG	n	32–12	32–24	30¼	16	85	18– 9	17.4	14.2	0.44
Loral/Mar	LOR	n	45–12	45–28	43¼	42	103	25–10	21.2	16.5	1.70
Louisiana Bancshares/Dec	LABS	o	19–11	19–11	12¼	–22	57	12– 9	7.8	7.2	0.63
Louisiana Land/Dec	LLX	n	38–20	38–24	27⅜	–23	57	NM– 5	71.4	9.4	0.65
Louisiana-Pacific/Dec	LPX	n	33–12	30–17	28⅜	43	104	NM–11	40.5	22.3	0.82
Louisville Gas &Elec/Dec	LOU	n	35–16	35–26	34⅜	24	90	12– 5	10.9	9.9	0.98
Lowe's Cos/Jan	LOW	n	41– 6	41–21	38¾	44	105	30–10	23.6	19.1	0.69
LTV/Dec	LTV	n	26– 5	11– 5	9⅜	–10	65	NM– 2	NM	15.0	0.10
Lubrizol/Dec	LZ	n	33–14	31–20	30⅜	41	103	19– 8	20.6	17.2	1.33
Lucky Stores/Jan	LKS	n	27–12	27–19	26¾	40	102	16– 7	16.0	11.4	0.15
Mack Trucks/Dec	MACK	o	22– 9*	14– 9	12⅞	2	74	NM– 6*	NM	17.4	0.18
Macmillan/Dec	MLL	n	44– 6	44–25	42½	54	112	26– 7	20.7	18.5	1.39
RH Macy/Jul	MZ	n	65–17	65–41	64⅛	40	103	18– 7	16.2	14.1	0.74
Mfrs Hanover/Dec	MHC	n	53–23	53–34	52⅜	44	105	6– 3	6.2	6.0	0.26
Manufacturers Natl/Dec	MNTL	o	49– 6	49–25	46⅞	87	136	20– 3	9.9	9.1	0.79
Manville/Dec	QMAN	n	26– 4	9– 5	7⅝	–5	69	NM– 2	NM	5.9	9.00

*Range is for less than period indicated. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

net profit margin	latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	indicated rate	payout ratio	5-year growth rate	common stock (mil)	% held by institutions
	Earnings						Dividends			Shares outstanding	
4.0%	$3.01	$3.28E	$4.06	24%	13	average	$0.56	19%	16%	33.8	70%
12.6	4.38	4.38	4.64	6	18	average	1.52	35	10	27.9	51
5.2	5.32	5.11	4.87	–5	13	average	1.40	26	13	22.4	69
9.6	3.36	3.36	3.29	–2	37	average	1.30	39	10	182.9	60
4.2	4.83	4.47	5.09	14	10	very high	2.00	41	10	18.8	41
1.0	1.73	1.73	4.26	146	28	high	1.40	81	10	125.9	67
NM	–4.33	–4.33	0.81	NM	18	very low	0.00	0	NA	44.3	64
26.0	4.41	4.41	3.14	–29	11	low	2.36	54	6	30.9	26
23.8	2.13	2.13	1.10	–48	13	low	1.18	55	1	40.5	26
6.9	4.94	4.94	4.80	–3	15	very high	3.16	64	8	17.3	27
9.6	2.28	2.28	2.60	14	24	very high	1.00	44	6	123.4	71
3.2	5.66	5.66	6.65	18	12	low	1.80	32	2	17.3	32
12.2	2.84	2.84	3.14	11	13	high	2.52	89	4	18.9	8
4.1	2.62	2.62	2.53	–3	27	low	1.10	42	1	49.7	56
9.7	2.61	2.61	2.91	11	5	high	1.00	38	11	25.2	12
3.3	3.31	3.31	2.92	–12	6	low	1.20	36	7	21.3	80
6.6	5.84	5.84	6.33	8	19	high	2.48	42	6	45.8	56
7.7	2.19	2.19	2.72	24	25	average	0.88	40	17	56.3	47
NM	–3.72	–3.72	1.79	NM	6	average	0.80	NM	–16	28.6	53
1.1	4.09	4.09	4.40	8	14	average	2.00	49	6	43.7	38
3.7	4.79	5.51	4.53	–18	15	very high	2.00	42	9	18.4	55
4.4	5.29	5.29	3.10	–41	12	average	1.50	28	2	11.8	55
3.9	5.71	5.71	5.63	–1	9	average	1.40	25	3	13.8	46
4.2	3.69	3.69	4.40	19	1	NM	0.24	7	1	9.3	1
15.8	3.69	3.69	4.06	10	36	very high	1.80	49	14	139.5	72
6.1	1.20	1.20	1.70	42	14	high	0.24	20	65	119.8	36
20.8	1.40	1.40	1.54	10	11	average	0.00	0	NA	26.5	74
4.4	4.89	4.89	5.23	7	22	average	2.00	41	6	44.2	53
5.4	7.18	7.27	7.06	–3	17	high	0.00	0	15	27.1	67
10.9	1.42	1.42	1.75	23	8	very high	0.18	13	NA	43.0	50
4.2	6.10	6.10	7.09	16	33	very high	0.80	13	0	65.2	74
8.8	7.23	7.23	6.37	–12	5	very high	1.00	14	90	81.5	39
25.8	3.97	3.97	2.96	–25	17	low	0.00	0	NA	111.1	24
2.5	1.74	1.74	2.13	22	12	average	0.72	41	12	21.7	28
8.1	2.04	2.17E	2.62	21	24	high	0.52	25	10	23.6	61
8.1	1.58	1.58	1.69	7	7	average	0.72	46	0	23.0	13
0.9	0.38	0.38	2.89	661	21	low	1.00	263	–15	27.5	56
2.0	0.70	0.70	1.27	81	18	low	0.80	114	3	36.6	30
10.3	3.15	3.15	3.47	10	12	average	2.52	80	3	19.3	20
2.9	1.64	1.64	2.03	24	22	average	0.40	24	8	37.1	39
NM	–9.50	–9.50	0.64	NM	13	very low	0.00	0	NA	88.6	38
6.6	1.49	1.49	1.78	19	13	average	1.16	78	4	39.7	62
0.9	1.67	1.67	2.35	41	16	average	1.16	69	0	51.0	56
NM	–2.09	–2.09	0.74	NM	8	very low	0.00	0	NA	29.5	37
6.6	2.04	2.04	2.28	12	6	average	0.60	29	24	22.2	66
4.6	4.00	3.69	4.59	NM	19	average	1.16	29	20	51.5	60
4.9	8.38	8.38	8.65	3	24	high	3.24	39	4	41.3	65
7.9	4.72	4.72	5.13	9	7	high	1.24	26	8	10.7	36
NM	–2.92	–2.92	1.25	–142	2	NM	0.00	0	NA	24.0	33

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro Scan from Interactive Data Corp.; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Mapco/Dec	MDA	n	41–21	40–31	36⅞	18%	86	15– 6	10.2	8.4	0.41
Marine/Dec	MCRP	o	44– 9	44–26	40¾	56	114	9– 3	9.4	8.8	0.65
Marine Midland Banks/Dec	MM	n	50–13	50–31	49¾	53	112	8– 3	8.2	7.9	0.39
Marion Laboratories/Jun	MKC	n	64– 5	64–27	63	131	169	62–19	52.9	46.3	6.79
Marriott/Dec	MHS	n	143–32	143–82	131½	60	117	22–10	21.2	18.0	0.81
Marsh & McLennan/Dec	MMC	n	108–30	108–60	102½	66	121	37– 9	23.0	17.8	2.75
Marshall & Ilsley/Dec	MRIS	o	85–19	85–59	84	41	103	10– 3	10.5	9.4	0.94
Martin Marietta/Dec	ML	n	44–10	44–31	39⅞	14	83	17– 5	9.1	10.9	0.50
Maryland National/Dec	MDNT	o	45–10	45–22	44¼	84	134	10– 4	10.8	9.4	0.90
Masco/Dec	MAS	n	60–13	60–29	56⅛	91	139	22– 7	22.1	18.6	3.15
Mattel/Dec	MAT	n	32– 5	17–11	12⅝	–9	69	NM– 4	12.4	10.0	0.42
May Dept Stores/Jan	MA	n	73–15	73–42	72¼	57	115	13– 5	13.4	12.1	0.61
Maytag/Dec	MYG	n	46–11	46–23	44⅞	90	139	16– 8	16.9	15.9	1.78
MCA/Dec	MCA	n	55–13	55–33	50	49	109	29– 8	24.8	16.1	1.79
McDonald's/Dec	MCD	n	98–25	98–58	94¼	58	115	16– 9	18.9	16.4	2.18
McDonnell Douglas/Dec	MD	n	88–23	88–64	87¼	13	83	12– 5	10.2	8.3	0.31
McGraw-Hill/Dec	MHP	n	60–21	60–40	57⅛	31	96	23–11	19.8	17.6	1.96
MCI Communications/Dec	MCIC	o	29– 3	13– 8	12½	50	109	54–12	21.6	22.4	1.18
McKesson/Mar	MCK	n	59–29	59–42	58¼	36	99	14– 7	15.0	14.0	0.20
MCorp/Dec	MBK	n	36–17	24–18	18	–11	65	11– 5	6.0	6.2	0.35
Mead/Dec	MEA	n	52–14	52–35	47⅛	31	96	NM– 5	15.8	12.1	0.54
Mellon Bank/Dec	MEL	n	70–26	70–47	67¼	39	101	9– 4	9.5	9.1	0.57
Melville/Dec	MES	n	64–18	64–41	62⅜	41	103	17– 7	16.0	13.8	0.71
MeraBank/Dec	FED	n	33–10*	33–17	30½	77	129	10– 4*	7.0	7.3	0.33
Mercantile Bancorp/Dec	MTRC	o	35–11	35–23	33	51	103	8– 3	9.5	8.6	1.22
Mercantile Bkshs/Dec	MRBK	o	42– 7	42–23	39¼	68	123	13– 4	13.5	11.5	1.75
Mercantile Stores/Jan	MST	n	97–15	97–55	97	72	126	15– 5	14.0	13.3	0.76
Merchants National/Dec	MCHN	o	55– 9	55–31	51½	65	120	42– 4	11.2	10.1	0.82
Merck/Dec	MRK	n	168–64	168–98	161¼	54	113	18–12	21.3	18.5	3.19
Meridian Bancorp/Dec	MRDN	o	52–19*	52–29	46	57	114	12– 5*	9.8	9.4	0.86
Merrill Lynch/Dec	MER	n	57–11	44–27	41⅛	34	98	211– 4	18.2	16.0	0.59
Mesa Petroleum/Dec	MSA	n	34– 2	4– 2	3	–11	65	22– 1	1.3	3.0	0.56
Michigan National/Dec	MNCO	o	36–10	36–24	34¼	41	103	NM– 4	12.9	10.9	0.54
MidCon/Sep	MCN	n	70–19*	70–43	56⅛	12	82	15– 4*	12.4	11.2	0.48
Middle South Utils/Dec	MSU	n	17– 8	15– 8	12⅛	–7	68	7– 3	6.2	6.1	0.79
Midlantic Banks/Dec	MIDL	o	46–10	46–28	45⅛	60	117	9– 3	9.4	9.3	1.03
Minn Mining & Mfg/Dec	MMM	n	108–48	108–74	104	27	93	16– 8	18.0	15.5	1.52
Minnesota Power/Dec	MPL	n	50–15	50–31	46	44	105	9– 5	9.9	9.7	1.52
Mobil/Dec	MOB	n	35–20	34–26	29⅝	0	73	14– 4	11.6	9.4	0.22
Monarch Capital/Dec	MON	n	80–17	80–40	76	63	119	12– 6	11.6	13.6	3.59
Monfort of Colorado/Aug	MNFT	o	36– 4	36–16	35½	97	144	16– 2	8.6	10.1	0.10
Monsanto/Dec	MTC	n	65–28	65–41	62⅜	48	108	NM– 6	NM	14.0	0.71
Montana Power/Dec	MTP	n	37–17	37–21	35⅛	56	114	13– 5	6.7	9.1	1.30
Moore Financial/Dec	MFGI	o	33–15	33–24	33	28	91	10– 4	11.0	9.4	0.63
JP Morgan/Dec	JPM	n	80–23	80–44	76	67	122	8– 3	9.7	9.3	1.01
Morrison-Knudsen/Dec	MRN	n	48–16	48–36	47⅛	25	91	12– 4	12.4	11.0	0.23
Morton Thiokol/Jun	MTI	n	41– 9	41–29	35⅞	18	86	14– 7	8.6	13.2	0.90
Motorola/Dec	MOT	n	50–16	46–29	44¼	32	96	67– 9	72.5	27.1	0.97
Murphy Oil/Dec	MUR	n	40–16	33–22	23⅜	–22	57	16– 4	10.4	13.4	0.37

*Range is for less than period indicated. NA not available or not applicable. NM not meaningful. E estimate. Stock prices as of Mar. 21, 1986.

Earnings							Dividends			Shares outstanding	
net profit margin	latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	indicated rate	payout ratio	5-year growth rate	common stock (mil)	% held by institutions
5.5%	$3.60	$3.60	$4.37	21%	9	average	$1.00	28%	-18%	21.3	54%
7.5	4.26	4.26	4.59	8	4	very high	1.40	33	11	5.7	29
5.1	6.06	6.06	6.32	4	7	average	1.80	30	12	19.1	73
13.4	1.19	0.94	1.36	45	18	high	0.36	30	24	37.0	46
3.9	6.20	6.20	7.32	18	19	very high	0.64	10	22	26.2	40
11.9	4.46	4.46	5.75	29	19	average	2.70	61	5	36.7	60
9.0	7.99	7.99	8.90	11	6	very high	2.24	28	7	5.4	19
5.7	4.36	4.36	3.66	-16	27	average	1.00	23	2	55.2	51
8.3	4.11	4.11	4.73	15	12	high	1.10	24	14	17.8	56
14.3	2.56	2.56	3.04	19	14	high	0.64	25	16	64.3	45
5.5	1.00	1.00	1.24	24	6	low	0.00	0	NA	35.4	43
4.6	5.38	5.38	5.95	11	23	very high	2.08	39	14	42.8	53
10.5	2.65	2.65	2.82	6	11	very high	1.78	67	13	27.2	44
7.1	2.02	2.02	3.11	54	15	average	0.68	34	5	74.9	60
11.7	4.99	4.99	5.73	15	25	very high	0.90	18	23	55.6	64
3.0	8.60	8.60	10.54	23	29	average	2.08	24	15	63.3	33
9.9	2.92	2.92	3.28	12	17	very high	1.52	52	14	50.4	53
5.5	0.59	0.59	0.57	-3	35	low	0.00	0	NA	235.6	37
1.3	3.88	3.58E	4.16	16	9	high	2.40	62	2	20.4	49
6.0	3.02	3.02	2.89	-4	21	low	1.40	46	-3	42.4	18
3.4	3.02	3.02	3.92	30	18	average	1.20	40	-14	31.1	61
6.3	7.13	7.13	7.41	4	24	high	2.76	39	7	27.1	58
4.4	3.90	3.90	4.54	16	14	high	1.46	30	16	54.1	66
4.7	4.40	4.40	4.24	-4	6	average	0.76	17	NA	8.6	25
8.1	3.49	3.49	3.85	10	7	very high	1.40	40	4	15.5	34
13.0	2.90	2.90	3.41	18	10	high	0.96	33	10	12.6	31
5.4	6.95	6.95	7.29	5	5	high	1.80	19	20	14.7	33
6.6	4.61	4.61	5.12	11	3	average	1.20	26	3	4.2	69
15.2	7.58	7.58	8.71	15	36	very high	3.60	47	5	70.2	63
8.8	4.68	4.68	4.87	4	8	high	1.80	38	NA	12.3	34
3.2	2.26	2.26	2.57	14	12	average	0.80	35	8	101.9	32
47.2	2.40	2.40	1.00	-58	7	very low	0.20	8	8	65.7	46
4.2	2.64	2.64	3.14	19	6	average	0.80	30	0	13.2	21
3.1	4.54	5.12	5.03	-2	15	average	2.44	54	24	16.7	30
12.4	2.01	2.01	2.05	2	18	low	0.00	0	NA	204.6	11
10.2	4.82	4.82	4.90	2	11	high	1.24	26	9	20.1	23
8.5	5.77	5.77	6.73	17	23	very high	3.60	62	4	114.6	60
16.8	4.67	4.67	4.73	1	15	high	3.04	65	7	13.7	11
1.9	2.55	2.55	3.16	24	37	low	2.20	86	3	408.4	38
5.9	6.53	6.53	5.58	-15	11	average	0.00	0	NA	7.3	50
1.2	4.13	3.31	3.50	6	3	low	0.45	11	0	4.3	15
NM	-1.67	-1.67	4.43	NM	29	low	2.50	NM	6	76.8	67
20.4	5.23	5.23	3.85	-26	20	low	2.40	46	-1	22.7	41
5.8	3.01	3.01	3.50	16	5	average	1.20	40	5	6.0	24
10.7	7.81	7.81	8.18	5	29	high	2.45	31	9	67.4	65
2.0	3.85	3.85	4.33	12	7	average	1.48	38	6	10.4	59
10.7	4.19	4.01	2.71	-32	21	high	0.70	17	7	47.1	59
1.3	0.61	0.61	1.63	167	35	low	0.64	105	6	119.3	57
3.6	2.25	2.25	1.75	-22	15	very low	1.00	44	4	34.5	46

Source: William O'Neil & Co. The Institutional Investor Estimate System (IIES) is made up of Lynch, Jones & Ryan and Shearson from the UAL. Earnings

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Nalco Chemical/Dec	NLC	n	37–18	31–22	29⅞	25%	91	24–10	16.0	14.4	1.71
Nash Finch/Dec	NAFC	o	35–14	35–24	33½	43	104	13– 6	14.2	NA	0.13
National Bcshs Texas/Dec	NBCT	o	25–14	25–16	19⅜	10	81	14– 6	8.5	7.6	0.74
National City/Dec	NCTY	o	43–10	43–26	42⅜	63	119	8– 4	9.4	8.5	0.70
National Distillers/Dec	DR	n	44–19	44–28	43½	38	101	26– 6	19.1	15.4	0.67
National Gypsum/Dec	NG	n	50–11	50–25	49½	71	125	33– 4	13.1	9.1	0.84
National Intergroup/Dec	NII	n	38–14	31–24	26⅞	–5	69	NM– 5	NM	14.9	0.18
National Medical/May	NME	n	33–10	33–19	24	–14	63	23– 9	12.3	10.5	0.69
Natl Semiconductor/May	NSM	n	20– 4	15–10	13⅞	24	90	NM–11	NM	23.7	0.77
National Service/Aug	NSI	n	38– 9	38–21	36⅛	67	122	14– 6	17.3	17.9	0.99
Navistar Intl/Oct	NAV	n	15– 3	10– 7	8⅛	–30	66	NM– 8	10.3	9.2	0.16
NBD Bancorp/Dec	NBD	n	47–10	47–28	45⅛	56	114	8– 3	9.6	9.2	0.75
NCNB/Dec	NCB	n	52–12	52–34	49⅛	35	98	10– 4	10.8	9.9	0.97
NCR/Dec	NCR	n	47–10	47–25	40⅛	42	104	14– 5	12.8	11.1	0.91
New England Electric/Dec	NES	n	28–10	28–19	26⅛	36	99	8– 5	8.4	8.2	0.97
NY State Elec & Gas/Dec	NGE	n	32–14	32–22	31	33	97	8– 4	9.0	8.6	1.35
New York Times/Dec	NYTA	a	67– 9	67–38	60	41	103	18– 7	20.7	18.6	1.74
Newmont Mining/Dec	NEM	n	79–28	54–40	50⅞	16	85	NM–13	NM	23.3	2.26
Niagara Mohawk Power/Dec	NMK	n	23–11	23–17	22⅛	26	92	8– 4	7.7	7.7	1.04
Nicor/Dec	GAS	n	41–19	34–19	23⅞	–21	58	NM– 6	NM	9.0	0.32
NL Industries/Dec	NL	n	49– 9	16– 9	14⅛	23	90	NM– 3	47.1	28.8	0.62
Nordstrom/Jan	NOBE	o	60–13	60–36	56½	56	114	22– 9	22.5	17.5	0.84
Norfolk Southern/Dec	NSC	n	96–39	96–62	94⅛	47	107	15– 4	11.9	11.3	1.56
Norstar Bancorp/Dec	NOR	o	31– 9	31–20	29⅞	51	110	12– 4	11.8	10.7	1.16
North Amer Philips/Dec	NPH	n	45–15	45–32	45½	16	85	14– 4	16.0	11.8	0.80
Northeast Bancorp/Dec	NBIC	o	43–11	43–25	42	50	109	11– 5	10.5	10.4	1.21
Northeast Savings/Mar	NESA	o	27– 6*	27– 7	24⅞	202	220	28– 2*	–5.2	4.1	0.28
Northeast Utilities/Dec	NU	n	22– 8	22–15	20⅛	38	100	7– 4	7.6	7.8	1.06
No Indiana Pub Svc/Dec	NI	n	16– 8	13– 8	11⅛	–10	66	NM– 6	10.1	8.1	0.43
No States Power/Dec	NSP	n	63–20	63–43	60	38	101	9– 5	10.1	9.8	1.05
Northern Trust/Dec	NTRS	o	93–33	93–62	93	44	105	19– 4	15.0	13.3	0.63
Northrop/Dec	NOC	n	57–11	57–39	49⅛	14	83	NM– 8	10.6	10.5	0.45
No'western Natl Life/Dec	NWNL	o	37– 9	37–20	27½	–22	57	29– 5	10.3	9.9	0.23
Norwest/Dec	NOB	n	40–17	38–22	36⅛	40	102	17– 4	11.4	9.9	0.43
Nucor/Dec	NUE	n	69–17	69–32	67	86	143	26– 9	16.3	13.8	1.26
NWA/Dec	NWA	n	60–22	60–37	51⅞	25	91	NM– 8	16.3	13.7	0.43
Nynex/Dec	NYN	n	121–59*	121–77	117½	47	108	11– 7*	10.8	10.0	1.15
Occidental Petroleum/Dec	OXY	n	37–17	37–23	24⅜	–16	61	36– 3	11.3	8.6	0.19
Ohio Edison/Dec	OEC	n	20– 9	20–14	18⅞	32	97	9– 4	7.7	7.9	1.47
Oklahoma Gas & Elec/Dec	OGE	n	31–12	31–22	29½	26	92	12– 5	12.8	10.5	1.15
Old Kent Financial/Dec	OKEN	o	40– 7	40–24	35⅜	48	108	10– 4	9.4	9.2	0.95
Old Republic Intl/Dec	OLDR	o	42–10	42–27	41⅜	45	106	11– 3	10.4	10.4	0.78
Old Stone/Dec	OSTN	o	45–17	45–26	44½	48	108	13– 4	12.4	10.1	0.52
Olin/Dec	OLN	n	42–16	42–29	39½	26	94	NM– 5	NM	12.5	0.52
Owens-Corning/Dec	OCF	n	54–13	54–31	52⅛	58	115	NM– 6	11.8	12.6	0.47
Owens-Illinois/Dec	OI	n	73–21	73–41	71	67	122	22– 4	13.6	12.2	0.58
Paccar/Dec	PCAR	o	60–26	55–40	55⅛	21	88	34– 6	13.7	12.6	0.53
Pacific First Finl/Dec	PFFS	o	20– 7*	20–10	16	62	118	NM–16*	NM	11.1	0.38
Pacific Gas & Elec/Dec	PCG	n	24–10	24–17	21	22	88	8– 5	7.9	7.6	0.64

*Range is for less than period indicated. NA not available or not applicable. NM not meaningful. E estimate. Stock prices as of Mar. 21, 1986.

net profit margin	Earnings: latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	Dividends: indicated rate	payout ratio	5-year growth rate	Shares outstanding: common stock (mil)	% held by institutions
10.7%	$1.87	$1.87	$2.08	11%	20	high	$1.20	64%	4%	39.2	75%
0.9	2.36	2.36	NA	NA	NA	NA	1.01	43	44	5.1	20
8.7	2.33	2.33	2.61	12	7	average	0.78	33	3	10.9	6
8.3	4.54	4.54	4.98	10	17	average	1.50	50	1	21.3	56
3.9	2.28	2.28	2.82	24	8	low	2.20	96	0	30.4	41
6.5	3.79	3.79	5.41	43	8	average	1.52	40	8	22.8	21
NM	–1.44	–1.44	1.60	NM	15	very low	0.25	NM	–45	23.0	52
5.5	1.95	2.05E	2.28	11	21	average	0.56	29	16	78.4	47
NM	–1.10	–1.36E	0.58	NM	26	very low	0.00	0	NA	89.6	61
5.7	2.13	2.08	2.33	13	6	very high	0.82	40	11	32.8	40
3.0	0.84	–3.67	0.94	NM	12	very low	0.00	0	NA	63.3	24
7.8	4.80	4.80	4.96	3	13	very high	1.40	29	6	24.6	47
8.7	4.60	4.60	5.05	10	24	very high	1.52	33	14	36.5	22
7.3	3.15	3.15	3.64	16	25	high	0.92	29	13	97.9	63
11.4	3.15	3.15	3.25	3	20	high	1.92	61	8	52.8	9
16.8	3.46	3.46	3.59	4	17	high	2.56	74	10	54.0	29
8.3	2.90	2.90	3.22	11	17	very high	0.60	21	13	40.5	48
NM	–1.20	–1.20	2.18	NM	18	very low	1.00	NM	–17	30.3	41
15.3	2.88	2.88	2.86	–1	16	average	2.08	72	6	126.9	26
NM	–5.69	–5.69	2.65	NM	15	average	1.80	NM	2	28.2	20
1.5	0.80	0.80	0.49	63	18	low	0.20	67	–38	62.3	55
3.8	2.61	2.61	3.35	28	21	average	0.52	20	21	18.6	43
13.1	7.95	7.95	8.24	4	23	very high	3.40	43	8	63.0	57
10.5	2.54	2.54	2.78	9	10	very high	1.28	50	6	34.4	22
1.9	2.82	2.82	3.85	37	3	very high	1.00	35	5	28.9	81
10.8	3.99	3.99	4.03	1	2	NM	1.40	35	5	7.1	12
6.3	4.81	6.90E	6.00	–13	1	NM	0.00	0	NA	5.1	12
13.9	2.72	2.72	2.66	–2	18	high	1.68	62	7	107.3	29
5.6	1.10	1.10	1.37	25	22	low	0.00	0	1	73.0	45
11.1	5.93	5.93	6.11	3	25	very high	3.52	59	8	31.3	30
4.6	6.20	6.20	6.99	13	5	low	2.72	44	1	5.0	41
4.2	4.63	4.63	4.67	1	26	low	1.20	26	18	46.3	36
2.2	2.69	2.69	2.80	4	8	average	0.80	30	7	9.3	68
4.3	3.20	3.20	3.67	15	27	average	1.80	56	3	29.8	72
7.7	4.11	4.11	4.86	18	11	average	0.44	11	15	14.3	48
2.8	3.18	3.18	3.79	19	26	low	0.90	28	3	21.8	71
10.6	10.85	10.85	11.76	8	33	very high	6.96	64	NA	101.1	35
3.1	2.20	2.20	2.88	31	18	very low	2.50	114	0	111.0	44
21.1	2.45	2.45	2.38	–3	20	average	1.92	78	2	137.1	15
10.0	2.80	2.80	2.80	22	24	average	2.08	90	4	42.3	34
11.3	3.82	3.82	3.88	2	6	average	1.10	29	11	11.7	32
8.6	4.02	1.92E	4.03	110	2	NM	0.74	18	3	13.9	53
6.5	3.56	3.56	4.42	23	3	average	2.08	58	3	4.0	4
NM	–7.19	–7.19	3.16	NM	12	low	1.50	NM	7	23.0	67
4.0	4.42	4.42	4.16	–6	17	average	1.40	32	4	29.8	58
4.2	5.23	5.23	5.80	11	12	average	1.80	34	2	30.1	58
3.9	4.02	4.02	4.39	9	11	low	2.40	60	1e	18.1	34
NM	–0.90	–0.90	1.44	NM	4	very low	0.00	0	NA	7.5	28
12.2	2.65	2.65	2.76	5	23	high	1.84	69	8	337.3	33

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan (a Merrill Lynch firm but Corp. Earnings

The Forbes 500s on Wall Street

Company/fiscal year end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Pacific Lighting/Dec	PLT	n	58–22	58–39	52⅝	21%	88	14– 4	13.8	9.7	0.41
Pacific Resources/Dec	PRI	o	14– 6	13– 8	12	55	113	NM– 8	10.6	10.4	0.13
Pacific Telesis/Dec	PAC	n	94–51*	94–68	90	28	93	10– 7*	9.9	9.4	1.14
PacifiCorp/Dec	PPW	n	35–16	35–27	33⅜	22	89	9– 5	9.6	8.8	1.10
Paine Webber Group/Sep	PWJ	n	61– 9	45–25	41⅝	7	78	50– 4	20.3	17.7	0.42
Pan Am/Dec	PN	n	10– 2	10– 4	8¼	74	127	NM–21	19.6	103.1	0.32
Panhandle Eastern/Dec	PEL	n	45–21	42–32	34½	–10	65	13– 4	12.2	12.5	0.53
Parker-Hannifin/Jun	PH	n	46–15	46–28	45½	43	105	32– 6	15.7	14.6	0.83
Payless Cashways/Nov	PCI	n	35– 8	23–14	21¾	8	79	31–10	19.3	15.8	0.54
Penn Central/Dec	PC	n	59–20	59–45	55½	–9	80	NM– 4	20.1	14.4	0.88
Pennbancorp/Dec	PNBA	o	53– 9	53–24	48½	100	147	17– 5	16.0	NA	2.00
JC Penney/Jan	JCP	n	68–25	68–45	66	40	102	13– 5	12.4	10.8	0.36
Pennsylvania P&L/Dec	PPL	n	33–15	33–24	32¾	21	88	11– 4	12.0	11.7	1.21
Pennzoil/Dec	PZL	n	91–24R	91–38	57	17	86	18– 8R	26.0	16.0	1.06
People's Bancorp/Dec	PEOP	o	57–13	57–31	56	76	129	15– 3	14.8	13.4	0.83
Peoples Energy/Sep	PGL	n	24– 7*	24–15	23	38	101	9– 4*	9.7	9.9	0.46
PepsiCo/Dec	PEP	n	66–30	86–48	80¾	49	109	23– 9	13.9	15.5	0.88
Perkin-Elmer/Jul	PKN	n	38–17	37–22	31¾	28	93	33–11	17.8	18.1	1.08
Perpetual American Bk/Oct	PASB	o	35– 7*	35–13	33½	156	187	22– 8*	12.8	13.1	0.49
Petrie Stores/Jan	PST	n	30– 9	30–17	30	80	132	20– 7	19.2	14.4	1.22
Pfizer/Dec	PFE	n	60–20	60–40	58⅛	37	100	19–10	17.1	15.1	2.39
PHH Group/Apr	PHH	n	47–17	41–29	36⅛	19	87	21– 8	13.9	12.4	0.69
Phibro-Salomon/Dec	PSB	n	58–10*	58–34	56⅝	49	109	26– 5*	14.9	12.9	0.30
Philadelphia Elec/Dec	PE	n	21– 9	21–14	19⅛	22	89	8– 3	7.5	7.8	1.13
Philip Morris/Dec	MO	n	63–22	63–36	59	59	94	12– 7	11.4	9.8	2.34
Phillips Petroleum/Dec	P	n	19– 8	15– 9	10	–22	57	11– 5	6.9	9.1	0.15
Piedmont Aviation/Dec	PIE	n	42–18	42–28	41¾	34	98	18– 5	10.7	10.2	0.46
Pillsbury/May	PSY	n	72–17	72–45	68½	40	102	15– 6	16.2	13.2	0.58
Pioneer Hi-Bred Intl/Aug	PHYB	o	42–18	42–30	41¾	34	98	25– 8	13.3	12.4	1.60
Pitney Bowes/Dec	PBI	n	57–11	57–36	56¾	43	105	17– 5	14.9	13.4	1.17
Pittston/Dec	PCO	n	35– 9	15–10	14⅞	37	100	NM–18	NM	35.4	0.45
PNC Financial/Dec	PNCF	o	47– 8	47–25	44⅞	82	133	9– 3	11.6	10.4	1.19
Polaroid/Dec	PRD	n	73–17	73–27	64½	115	157	NM–11	53.0	26.5	1.54
Portland General/Dec	PGN	n	29–11	29–18	26⅝	47	107	9– 4	8.5	10.3	1.46
Potomac Electric/Dec	POM	n	41–12	41–27	38½	33	97	10– 6	10.7	10.3	1.37
PPG Industries/Dec	PPG	n	66–15	66–35	65½	75	127	14– 5	14.4	12.2	0.89
Premier Industrial/May	PRE	n	34–11	34–19	33⅜	48	108	24–10	25.1	18.3	2.28
Price Co/Aug	PCLB	o	45– 2	45–20	44½	58	115	67–16	40.1	32.7	0.97
Primark/Dec	PMK	n	28– 7*	28–18	27¼	47	107	15– 4*	10.2	9.4	0.28
Prime Computer/Dec	PRM	n	33–10	28–15	24⅛	58	115	42–11	20.1	16.8	1.49
Procter & Gamble/Jun	PG	n	77–34	77–50	74	35	98	17– 8	17.9	17.2	0.88
Provident Life & Acc/Dec	PACC	o	33– 9	33–22	31⅝	32	96	10– 5	9.5	10.2	0.70
PSFS/Dec	PSFS	o	13– 7*	13– 8	11⅝	33	97	NM– 3*	19.4	7.4	0.24
Public Service Colo/Dec	PSR	n	24–13	24–19	21⅝	4	76	12– 6	11.8	10.6	0.64
Public Service Ind/Dec	PIN	n	28– 7	12– 7	10½	43	105	11– 2	6.5	8.5	0.59
Public Service NH/Dec	PNH	n	20– 4	11– 4	10⅝	139	174	7– 1	4.3	4.0	0.77
Public Service NM/Dec	PNM	n	35–20	35–25	34	35	99	10– 5	10.3	10.5	1.73
Public Service E&G/Dec	PEG	n	38–17	38–27	36⅝	33	97	9– 5	9.2	9.2	1.09
Puget Sound P&L/Dec	PSD	n	22– 9	22–13	21⅛	52	111	10– 4	10.4	10.4	1.51

*Range is for less than period indicated. NA not available or not applicable. NM not meaningful. E estimate. Stock prices as of Mar. 21, 1986.

net profit margin	Earnings: latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	Dividends: indicated rate	payout ratio	5-year growth rate	Shares outstanding: common stock (mil)	% held by institutions
3.1%	$3.80	$3.80	$5.41	42%	21	high	$3.48	92%	10%	40.2	42%
1.6	1.13	1.13	1.15	2	2	NM	0.00	0	NA	14.3	9
10.9	9.08	9.08	9.54	5	35	high	5.72	63	NA	107.4	41
12.5	3.44	3.44	3.78	10	24	average	2.40	70	–9	65.9	30
2.1	2.04	1.70	2.34	38	7	average	0.60	29	18	20.6	38
1.4	0.42	0.42	0.08	–81	19	very low	0.00	0	NA	133.6	24
4.3	2.83	2.83	2.75	–3	21	low	2.30	81	2	44.8	64
5.3	2.90	3.06	3.11	2	16	high	1.12	39	9	27.8	64
2.7	1.12	1.12	1.37	22	19	average	0.16	14	19	34.6	50
4.4	2.76	2.76	3.86	40	4	average	0.00	0	NA	40.3	71
9.5	3.07	3.07	NA	NA	NA	NA	1.20	39	NA	8.7	33
2.9	5.31	5.31	6.13	15	26	high	2.36	44	7	74.5	56
14.7	2.68	2.68	2.75	3	20	high	2.56	96	3	74.5	17
5.1	2.20	2.20	3.58	63	25	low	2.20	100	0	41.4	46
5.6	3.78	3.78	4.19	11	4	average	1.00	26	0	3.8	8
5.1	2.38	2.34	2.33	0	11	high	1.32	55	–14	32.3	36
6.7	5.83	5.83	5.21	–11	21	very high	1.78	31	4	87.7	60
6.1	1.78	1.84	1.75	–5	27	average	0.60	34	4	44.5	61
4.3	2.60	2.41	2.53	5	3	very high	0.00	0	NA	6.8	5
5.8	1.56	1.56	2.09	34	7	high	0.70	45	4	46.6	38
14.4	3.44	3.44	3.90	13	35	very high	1.64	48	17	163.9	57
5.0	2.65	2.64E	2.96	12	8	average	1.00	38	12	15.9	61
2.0	3.78	3.78	4.37	16	12	average	0.64	17	4	148.2	55
17.4	2.56	2.56	2.44	–5	20	average	2.20	86	3	177.7	17
10.3	5.24	5.24	6.10	16	27	very high	2.30	44	19	238.7	59
2.7	1.44	1.44	1.10	–24	35	very low	1.00	69	6	227.1	55
4.4	3.89	3.89	4.10	5	24	average	0.32	8	6	16.8	53
3.6	4.24	4.55E	5.20	14	19	very high	1.72	41	12	43.5	49
12.1	3.11	3.21	3.33	4	12	average	1.04	33	14	31.9	39
8.2	3.80	3.80	4.23	11	13	very high	1.32	35	11	37.8	62
0.0	0.01	0.01	0.42	NM	11	very low	0.00	0	NA	37.9	57
10.5	3.88	3.88	4.30	11	20	very high	1.32	34	16	47.6	53
2.8	1.19	1.19	2.42	103	22	low	1.00	84	0	31.0	68
21.3	3.12	3.12	2.57	–18	12	average	1.90	61	2	45.7	16
14.0	3.59	3.59	3.73	4	25	very high	2.36	66	8	47.0	18
7.0	4.54	4.54	5.33	17	16	average	1.76	39	9	59.3	50
9.1	1.33	1.49E	1.82	22	6	high	0.40	30	11	29.6	18
2.4	1.11	1.02	1.36	33	16	high	0.00	0	NA	45.8	49
2.7	2.65	2.65	2.89	9	10	high	1.10	42	29	19.6	41
7.5	1.20	1.20	1.44	20	31	high	0.00	0	NA	47.6	50
4.9	4.13	3.80	4.29	13	20	high	2.60	63	2	167.8	46
7.4	3.34	3.34	3.11	–7	11	average	0.76	23	7	37.4	48
1.2	0.60	0.60	1.57	162	9	very low	0.20	33	NA	33.1	53
6.3	1.81	1.81	2.01	11	25	average	2.00	110	4	52.3	25
12.1	1.66	1.66	1.26	–24	18	low	0.00	0	NA	53.9	46
29.7	2.50	2.50	2.67	7	6	high	0.00	0	NA	37.2	16
19.5	3.30	3.30	3.24	–2	15	average	2.92	88	2	38.0	18
12.4	3.96	3.96	3.96	0	25	very high	2.84	72	4	131.7	27
17.6	2.07	2.07	2.08	0	12	high	1.76	85	–5	50.0	19

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; via Micro Scan from Interactive Data Corp. Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Quaker Oats/Jun	OAT	n	70–16	70–42	68⅛	56%	114	24– 5	17.3	15.9	0.77
Questar/Dec	STR	n	35–12	34–25	29⅛	–14	63	13– 5	9.1	9.4	0.81
Rainier Bancorp/Dec	RBAN	o	42– 9	42–24	40	64	120	11– 4	12.3	10.8	0.99
Ralston Purina/Sep	RAL	n	64–10	64–39	60¾	45	106	23– 6	13.8	16.2	0.82
Raychem/Jun	RYC	n	135–37	135–56	127¾	121	161	29–10	34.7	21.0	1.95
Raytheon/Dec	RTN	n	65–28	65–44	59	32	96	17– 7	12.8	11.3	0.72
RCA/Dec	RCA	n	64–16	64–40	62⅛	53	111	NM– 8	15.5	14.2	0.63
Republic Airlines/Dec	RAI	n	16– 3	16– 6	16	167	195	NM–11	8.9	7.3	0.31
Republic New York/Dec	RNB	n	41–15	1–27	41⅛	50	110	9– 4	10.3	9.3	0.86
RepublicBank/Dec	RPT	n	38–22	35–28	30⅞	2	74	9– 4	6.4	6.3	0.39
Revco DS/May	RDS	n	38–14	35–23	34½	42	103	37– 9	43.4	16.1	0.44
Revlon Group/Jul	PPR	n	15– 2	15– 5	15⅛	210	226	NM– 7	NM	31.5	1.35
RJ Reynolds Inds/Dec	RJR	n	45–15	45–25	42⅛	25	91	9– 5	11.8	10.6	0.79
Reynolds Metals/Dec	RLM	n	53–19	53–30	51½	42	104	NM– 4	NM	14.1	0.33
Riggs National/Dec	RIGS	o	35– 9	35–19	33	77	129	13– 5	12.7	11.3	1.68
Rite Aid/Feb	RAD	n	34– 8	32–22	30¾	–1	72	20– 9	20.0	15.9	0.82
Roadway Services/Dec	ROAD	o	45–15	45–25	39½	41	103	19– 9	20.8	16.3	1.00
AH Robins/Dec	QRAH	n	29– 6	23– 6	14⅝	–34	48	NM– 3	5.7	4.7	0.49
Rochester Gas & Elec/Dec	RGS	n	28–10	28–19	27½	36	99	7– 3	7.7	7.3	1.05
Rockwell Intl/Sep	ROK	n	46–12	46–31	42	18	86	15– 6	10.8	9.8	0.53
Rohm & Haas/Dec	ROH	n	106–23	106–56	104½	72	125	16– 7	17.4	15.2	1.17
Rubbermaid/Dec	RBD	n	39– 7	39–22	38½	65	120	24– 9	24.2	20.9	2.06
Ryder System/Dec	RDR	n	42–11	42–22	41½	72	126	15– 6	16.1	13.9	0.69
Safeco/Dec	SAFC	o	60–15	60–34	57¼	59	116	16– 5	12.2	12.9	0.90
Safeway Stores/Dec	SA	n	41–12	41–29	36½	12	82	11– 6	9.5	10.0	0.11
Saga/Jun	SGA	n	40– 6	31–21	27½	–8	67	20– 6	15.9	13.1	0.26
St Paul Cos/Dec	STPL	o	108–36	108–53	103¼	71	125	NM– 4	22.0	15.9	0.77
San Diego Gas & Elec/Dec	SDO	n	34–11	34–23	31⅜	32	96	9– 4	8.7	9.5	1.01
Santa Fe Southern/Dec	SFX	n	40–20*	40–25	37⅛	43	104	15– 5*	14.1	13.0	0.99
Sara Lee/Jun	SLE	n	61–13	61–37	59⅛	57	114	13– 5	15.3	14.7	0.40
Scana/Dec	SCG	n	33–13	33–23	32⅛	38	101	10– 6	11.5	10.7	1.18
Schering-Plough/Dec	SGP	n	67–25	67–39	65	60	117	18– 8	17.2	15.4	1.74
Scott Paper/Dec	SPP	n	63–14	63–35	60⅝	66	121	15– 5	13.4	11.3	0.72
Sea-Land/Dec	SLN	n	26–15*	25–18	22⅛	–5	69	13– 4*	37.1	21.3	0.32
Sears, Roebuck/Dec	S	n	48–16	48–32	46	34	98	14– 7	13.0	11.3	0.41
Security Pacific/Dec	SPC	n	39–10	39–25	38½	38	101	8– 3	8.9	8.1	0.53
Service Merchandise/Dec	SMCH	o	27– 5	16–11	14⅛	11	81	45– 5	44.1	9.2	0.19
Shared Medical Sys/Dec	SMED	o	44–13	40–26	36⅛	20	88	44–16	21.8	18.2	2.90
Shawmut/Dec	SHAS	n	50–13	50–30	49⅛	56	114	8– 4	9.5	8.7	0.82
Sherwin-Williams/Dec	SHW	n	29– 4	29–16	28⅝	75	128	15– 4	17.7	8.7	1.21
Shoney's/Oct	SHON	o	32– 7	32–24	32¼	16	84	24–11	23.9	21.4	1.64
Singer/Dec	SMF	n	52–11	52–33	51¼	47	108	NM– 6	11.9	11.9	0.37
SmithKline Beckman/Dec	SKB	n	90–50	90–59	88⅝	41	103	19– 8	13.5	12.6	2.10
Snap-on Tools/Dec	SNA	n	51–17	51–33	50½	46	107	19– 8	17.4	15.1	1.76
Society/Dec	SOCI	o	65–14	65–40	64½	62	118	10– 4	10.7	9.9	0.93
Society for Savings/Dec	SOCS	o	22– 5	22– 8	21⅛	204	222	16– 5	23.4	5.7	0.68
Sonat/Dec	SNT	n	43–20	43–28	30¼	–24	55	NM– 4	NM	11.7	0.50
South Carolina Natl/Dec	SCNC	o	50–11	50–27	47½	45	106	16– 5	16.0	11.7	1.14
Southeast Banking/Dec	STB	n	42–13	42–26	42⅛	52	111	12– 5	12.4	10.6	0.64

*Range is for less than period indicated. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

net profit margin	Earnings: latest 12 months EPS	Earnings: 1985 EPS	Earnings: estimated 1986 EPS	Earnings: % change '86 vs '85 EPS	Earnings: number of analysts	Earnings: confidence factor on estimate	Dividends: indicated rate	Dividends: payout ratio	Dividends: 5-year growth rate	Shares outstanding: common stock (mil)	Shares outstanding: % held by institutions
4.6%	$3.97	$3.76	$4.32	15%	26	very high	$1.40	35%	11%	39.5	49%
9.6	3.20	3.20	3.10	–3	13	low	1.72	54	11	17.8	25
8.0	3.26	3.26	3.69	13	22	high	1.08	33	10	20.3	49
6.2	4.40	3.15	3.75	19	24	average	1.10	25	9	76.3	52
5.2	3.68	2.84	6.08	114	10	low	0.44	12	0	11.0	79
5.9	4.60	4.60	5.23	14	32	very high	1.60	35	5	77.7	59
4.1	4.04	4.04	4.41	9	16	average	1.04	26	–7	90.1	47
4.0	1.80	1.80	2.19	22	21	low	0.00	0	NA	33.6	26
9.8	3.99	3.99	4.44	11	4	average	1.12	28	11	25.9	29
6.7	4.72	4.72	4.77	1	28	average	1.64	35	5	27.4	49
1.1	0.80	1.73E	2.16	25	15	average	0.80	100	17	32.3	72
NM	–0.69	–0.30	0.48	NM	3	very low	0.00	0	NA	39.6	32
7.4	3.60	3.60	4.03	12	30	very high	1.48	41	8	250.6	43
NM	–13.92	–13.92	3.65	NM	22	low	1.00	NM	–20	21.8	65
6.6	2.59	2.59	2.88	11	5	high	1.10	42	5	12.0	15
4.1	1.54	1.67E	1.94	16	19	high	0.58	38	24	41.3	47
4.8	1.90	1.90	2.43	28	21	average	1.10	58	14	39.9	50
8.7	2.53	2.53	3.05	21	8	low	0.00	0	NA	24.2	64
14.6	3.58	3.58	3.75	5	6	high	2.20	61	9	28.5	23
4.9	3.90	4.00	4.27	7	23	high	1.12	29	11	149.4	59
6.9	6.02	6.02	6.88	14	23	average	2.20	37	13	23.0	45
8.5	1.58	1.58	1.83	16	13	very high	0.48	30	13	36.2	40
4.3	2.60	2.60	3.00	15	18	high	0.66	25	5	47.8	77
7.9	4.74	4.74	4.46	–6	27	average	1.60	34	12	33.6	68
1.2	3.83	3.83	3.64	–5	18	average	1.70	44	6	60.8	55
1.7	1.73	2.18	2.10	–4	13	average	0.52	30	24	12.6	53
3.5	4.70	4.70	6.51	39	23	low	3.00	64	7	20.1	77
11.7	3.25	3.25	3.31	2	19	high	2.24	69	8	55.8	28
7.3	2.67	2.67	2.90	9	21	average	1.00	37	NA	169.7	42
2.7	3.86	3.61	4.01	11	26	very high	1.60	41	10	54.2	43
10.2	2.82	2.82	3.03	7	18	high	2.24	79	4	40.3	32
10.0	3.77	3.77	4.23	12	34	very high	1.80	48	0	51.7	61
6.6	4.52	4.52	5.35	18	19	average	1.24	27	5	36.3	60
0.9	0.61	0.61	1.06	74	4	very low	0.48	79	NA	23.3	31
3.0	3.53	3.53	4.08	16	26	average	1.76	50	8	362.9	48
5.8	4.35	4.35	4.75	9	30	very high	1.34	31	7	76.5	55
0.4	0.32	0.32	1.54	381	14	low	0.08	25	3	33.3	47
13.4	1.66	1.66	1.98	19	25	very high	0.60	36	29	25.0	59
7.9	5.17	5.17	5.63	9	6	very high	1.84	36	13	11.9	40
3.4	1.62	1.62	1.65	2	10	low	0.50	31	23	46.1	47
6.9	1.35	1.30	1.51	16	24	very high	0.18	13	14	28.5	43
3.4	4.30	4.30	4.30	0	12	average	0.40	9	29	17.3	58
15.8	6.56	6.56	7.01	7	34	very high	3.00	46	7	77.3	67
10.1	2.92	2.92	3.37	15	13	high	1.16	40	8	20.5	47
7.9	6.01	6.10	6.51	7	9	low	1.92	32	9	11.1	36
2.9	0.91	0.91	1.85	103	1	NM	0.00	0	NA	9.5	6
NM	–1.48	–1.48	2.65	NM	25	low	2.00	NM	21	40.5	50
7.2	2.97	2.97	4.06	37	7	high	0.96	32	6	10.6	50
5.9	3.40	3.40	3.98	17	19	average	1.20	35	5	16.7	53

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro Scan from Ivy Corp. Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance —latest 12 months— price change	Stock performance —latest 12 months— relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
So Calif Edison/Dec	SCE	n	31–12	31–23	30	23%	90	9– 5	9.2	8.9	1.26
Southern Company/Dec	SO	n	24–11	24–19	22⅞	16	85	8– 5	7.1	7.1	0.90
So New England Tel/Dec	SNG	n	49–17	49–37	47⅛	17	85	12– 5	12.4	10.5	1.09
Southland/Dec	SLC	n	50–16	50–29	48⅛	52	111	17– 6	10.9	10.2	0.18
Southmark/Jun	SM	n	14– 3	14– 6	13⅜	120	161	22– 3	6.9	6.0	0.94
SouthTrust/Dec	SOTR	o	22– 4	22–14	21⅞	41	103	11– 3	11.0	9.6	1.23
Southwest Airlines/Dec	LUV	n	35–10	31–20	21¼	-12	64	26– 7	13.8	10.9	1.01
Southwestern Bell/Dec	SBC	n	95–55*	95–73	91	23	90	9– 6*	9.1	8.8	1.14
Southwestern Pub Svc/Aug	SPS	n	31–11	31–20	28¾	37	95	10– 6	11.2	10.8	1.42
Sovran Financial/Dec	SOVN	o	36–11	36–23	35⅛	35	99	10– 4	10.1	10.0	0.88
Sperry/Mar	SY	n	60–21	59–46	50	-2	72	NM– 5	72.5	8.8	0.50
Square D/Dec	SQD	n	50–22	50–35	48	29	94	19– 6	15.9	12.7	1.03
Squibb/Dec	SQB	n	98–27	98–53	94½	65	121	20–10	22.4	19.0	2.47
Staley Continental/Sep	STA	n	34–15	28–19	28⅛	38	101	NM– 3	NM	15.4	0.28
Standard Oil/Dec	SRD	n	59–27	56–42	43⅜	–4	73	43– 3	33.3	8.6	0.79
Stanley Works/Dec	SWK	n	43–13	43–27	42¾	51	110	19– 7	15.0	13.4	0.99
State Street Boston/Dec	STBK	o	52– 5	52–25	49	88	138	13– 3	15.3	14.0	1.53
Sterling Drug/Dec	STY	n	45–19	45–30	43⅜	41	103	23– 9	23.8	15.6	1.48
JP Stevens/Oct	STN	n	37–12	37–17	36½	112	154	25– 8	NM	12.1	0.38
Stop & Shop Cos/Jan	SHP	n	63– 7	52–34	43½	–3	71	13– 3	19.9	11.5	0.16
Student Loan/Dec	SLM	o	46–21*	46–25	44⅞	69	124	21–11*	18.3	15.1	1.44
Subaru of America/Oct	SBRU	n	225–22	225–132	202	51	110	17– 5	14.9	13.0	0.75
Sumitomo Bank Cal/Dec	SUMI	o	23– 9	23–14	22	57	115	9– 4	10.2	NA	0.45
Sun Company/Dec	SUN	n	60–27	56–42	48½	–3	71	13– 3	10.3	12.1	0.38
Sundstrand/Dec	SNS	n	64–23	64–40	63½	46	106	21– 5	15.8	13.7	0.92
SunTrust Banks/Dec	STI	n	44–31*	44–31*	43¾	19*	95*	12– 9*	12.9	10.7	1.18
Sunwest Financial/Dec	SFSI	o	59–16	59–38	58	51	110	10– 4	10.7	10.6	1.03
Super Food Services/Aug	SFS	a	25– 3	25–13	24¾	77	129	18– 6	18.2	16.3	0.12
Super Valu Stores/Feb	SVU	n	26– 7	26–15	23⅜	54	112	19– 9	18.6	15.4	0.23
Supermarkets General/Jan	SGL	n	58– 8	58–36	56⅜	48	108	14– 5	15.8	14.2	0.20
Sysco/Jun	SYY	n	30– 8	30–16	28¾	69	123	23–11	22.2	20.6	0.86
Tambrands/Dec	TMB	o	106–28	106–66	104¾	56	114	16– 8	18.5	16.7	2.75
Tandem Computers/Sep	TNDM	o	40–13	27–13	23½	10	80	58–13	30.9	21.2	1.54
Tandy/Jun	TAN	n	65–23	45–29	43⅜	28	94	25– 9	18.8	15.6	1.24
TECO Energy/Dec	TE	n	40–18	40–28	38⅜	28	94	10– 5	10.8	10.1	1.23
Tecumseh Products/Dec	TECU	o	125–53	125–100	124½	20	88	12– 5	11.3	10.0	0.82
Tektronix/May	TEK	n	87–34	66–47	59¾	2	75	24– 8	17.4	14.3	0.83
Tele-Communications/Dec	TCOMA	o	50– 7	50–23	48⅞	89	138	NM–27	NM	–0.5	4.04
Teledyne/Dec	TDY	n	368–70	368–227	360	45	106	16– 4	7.7	15.1	0.89
Telex/Mar	TC	n	68– 4	68–37	57⅜	41	103	19– 5	12.5	10.5	1.24
Temple-Inland/Dec	TIN	n	56–25*	56–32	53½	61	117	14– 7*	15.3	13.0	1.04
Tenneco/Dec	TGT	n	50–23	45–35	37¾	-12	64	55– 4	50.3	10.5	0.36
Tesoro Petroleum/Sep	TSO	n	25– 8	14– 8	12⅛	–2	72	NM– 3	NM	NM	0.08
Texaco/Dec	TX	n	48–26	41–26	29	–17	60	37– 4	5.7	8.0	0.15
Texas Air/Dec	TEX	a	31– 4	31–10	28¼	172	199	NM– 4	11.3	11.1	0.29
Texas American Bcshs/Dec	TXA	n	46–22	35–22	24⅛	–27	54	13– 5	10.1	9.2	0.40
Texas Commerce Bcshs/Dec	TCB	n	48–19	37–19	21¼	–36	47	19– 5	13.1	7.8	0.36
Texas Eastern/Dec	TET	n	41–19	41–29	32⅛	–3	71	51– 5	43.5	10.7	0.32
Texas Instruments/Dec	TXN	n	176–71	130–86	124	10	80	34– 8	NM	36.7	0.63

*Range is for less than period indicated. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

	Earnings						Dividends			Shares outstanding	
net profit margin	latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	indicated rate	payout ratio	5-year growth rate	common stock (mil)	% held by institutions
15.0%	$3.26	$3.26	$3.36	3%	28	very high	$2.16	66%	9%	216.7	47%
12.2	3.20	3.20	3.23	1	24	high	2.04	64	5	268.9	27
9.2	3.81	3.81	4.47	17	17	high	2.80	73	6	30.2	21
1.7	4.41	4.41	4.71	7	14	average	1.12	25	16	47.6	47
17.4	2.00	1.88	2.30	22	1	NM	0.24	12	67	38.5	21
10.9	1.99	1.99	2.27	14	5	very high	0.68	34	11	22.5	17
7.0	1.54	1.54	1.95	27	27	low	0.13	8	0	32.3	69
12.6	10.00	10.00	10.30	3	33	very high	6.00	60	NA	99.6	38
13.6	2.56	2.72	2.66	–2	16	high	2.02	79	8	40.9	16
8.9	3.50	3.50	3.55	1	20	high	1.28	37	7	25.7	22
0.7	0.69	5.05E	5.66	12	18	average	1.92	278	0	57.4	60
6.5	3.02	3.02	3.79	25	13	high	1.84	61	1	28.9	63
11.1	4.20	4.20	4.95	18	36	very high	1.76	42	9	53.5	68
0.3	0.29	0.19	1.83	863	15	low	0.80	276	2	28.7	47
2.4	1.31	1.31	5.09	289	32	low	2.80	214	4	234.6	22
6.5	2.85	2.85	3.18	12	16	very high	1.04	36	9	27.9	37
10.1	3.20	3.20	3.51	10	12	high	0.64	20	14	17.0	49
6.3	1.83	1.83	2.80	53	34	very high	1.20	66	5	59.5	63
NM	–0.99	–0.89	3.04	NM	7	low	1.20	NM	0	17.5	61
0.8	2.20	2.20	3.81	73	11	average	1.10	50	23	13.8	58
9.6	2.45	2.45	2.97	21	10	high	0.24	10	NA	41.2	40
5.0	13.55	12.55	15.57	24	10	high	2.28	17	48	6.2	35
4.3	2.16	2.16	NA	NA	NA	NA	1.16	54	7	6.1	3
3.8	4.72	4.72	4.01	–15	29	low	3.00	64	3	108.6	44
5.8	4.02	4.02	4.63	15	13	high	1.80	45	1	18.7	56
9.2	3.34	3.34	4.06	22	25	high	1.20	36	NA	49.8	33
9.6	5.40	5.40	5.46	1	5	high	1.76	33	14	4.5	11
0.7	1.36	1.32	1.52	15	6	average	0.26	19	16	6.7	47
1.2	1.27	1.30E	1.53	18	18	very high	0.38	30	12	74.3	50
1.2	3.56	3.56	3.98	12	12	very high	0.48	13	12	18.0	52
1.9	1.27	1.18	1.37	16	15	very high	0.24	19	18	43.8	54
14.8	5.62	5.62	6.25	11	15	very high	3.40	60	6	11.1	60
5.0	0.76	0.82	1.11	35	23	average	0.00	0	NA	41.6	67
6.5	2.30	2.11	2.78	32	29	average	0.00	0	NA	89.3	53
11.1	3.58	3.58	3.84	7	21	high	2.36	66	8	28.2	38
7.2	10.98	10.98	12.50	14	1	NM	4.20	38	18	5.5	41
4.9	3.41	2.84E	4.14	46	18	low	1.00	29	5	19.8	69
1.8	0.22	0.22	NA	NA	NA	NA	0.00	0	NA	47.7	63
11.6	46.66	46.66	23.81	–49	8	low	0.00	0	NA	11.7	23
10.0	4.58	4.72E	5.49	16	11	high	0.00	0	NA	14.5	60
6.8	3.50	3.50	4.10	17	12	average	0.72	21	NA	24.2	56
1.1	0.75	0.75	3.59	379	30	low	3.04	405	4	146.8	47
NM	–7.93	–7.01	–0.25	NM	3	very low	0.40	NM	3	13.7	45
2.7	5.11	5.11	3.62	–29	35	very low	3.00	59	1	238.9	41
2.5	2.49	2.49	2.55	2	10	very low	0.00	0	NA	19.9	44
4.0	2.40	2.40	2.63	10	9	average	1.52	63	6	10.9	34
2.7	1.62	1.62	2.71	67	30	low	1.56	96	12	32.8	55
0.7	0.75	0.75	3.05	307	26	low	2.20	293	4	53.3	48
NM	–4.76	–4.76	3.38	NM	37	very low	2.00	NM	0	25.2	76

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Micro Scan from Interactive Data Corp. Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
Texas Utilities/Dec	TXU	n	35–17	35–26	33¼	20%	88	7– 5	7.6	7.4	1.10
Textron/Dec	TXT	n	62–17	62–40	60	32	96	17– 6	10.0	10.1	0.41
Third National/Dec	TLAT	o	31– 6	31–18	30¾	67	122	11– 4	11.6	10.3	1.13
Thrifty Corp/Aug	TFD	n	30– 4	30–18	28¼	38	101	24– 6	17.4	15.8	0.40
Time Inc/Dec	TL	n	78–25	76–48	69	32	96	24– 8	21.9	18.9	1.27
Times Mirror/Dec	TMC	n	62–18	62–44	61¼	26	92	19– 9	17.6	17.0	1.34
Toledo Edison/Dec	TED	n	25–13	25–17	24½	36	99	7– 4	7.0	7.5	1.62
Toledo Trustcorp/Dec	TTCO	o	48–12	48–29	44¼	57	115	11– 4	12.5	11.1	0.91
Torchmark/Dec	TMK	n	34– 5	34–18	32½	51	110	14– 6	14.8	13.2	1.68
Tosco/Dec	TOS	n	28– 1	5– 1	3	71	125	NM– 1	10.3	5.2	0.05
Toys "R" Us/Jan	TOY	n	41– 6	41–30	38	26	92	39–14	27.3	20.9	1.57
Trans World Airlines/Dec	TWA	n	23– 7*	23–12	18⅛	49	109	NM–45*	NM	NM	0.20
Transamerica/Dec	TA	n	40–17	40–27	37¼	28	94	17– 6	17.3	12.5	0.44
Transco Energy/Dec	E	n	61–21	61–42	54½	8	79	56– 4	12.6	13.1	0.36
Transohio Finl/Dec	TFC	n	18– 3	18– 9	18	50	109	NM– 4	8.0	6.0	0.29
Transworld Corp/Dec	TW	n	48–24*	48–32	46¼	36	100	NM– 5*	8.3	15.4	0.75
Travelers/Dec	TIC	n	60–17	60–40	57¼	40	102	20– 4	13.8	10.9	0.36
Triangle Industries/Dec	TRI	n	23– 3	23– 4	22¼	121	163	NM– 8	6.8	15.7	0.06
Tribune/Dec	TRB	n	67–24*	67–38	65⅞	57	115	19–10*	21.5	18.9	1.38
TRW/Dec	TRW	n	101–46	101–69	98⅛	28	94	39– 7	NM	14.1	0.48
Tucson Electric/Dec	TEP	n	52–13	52–36	50¼	33	97	10– 3	11.6	11.1	2.70
Turner/Dec	TUR	a	31–10	31–24	29⅛	6	78	13– 4	11.0	9.0	0.05
UAL/Dec	UAL	n	60–15	60–40	56	22	89	NM– 4	NM	11.1	0.31
Union Camp/Dec	UCC	n	50–21	50–33	48⅞	44	105	22– 6	25.1	16.0	1.28
Union Carbide/Dec	UK	n	33–11	33–12	19⅝	55	113	NM–14	NM	11.6	0.44
Union Electric/Dec	UEP	n	26–10	26–16	23⅞	40	102	9– 5	8.3	8.7	1.53
Union National/Dec	UNBC	o	37– 9	37–19	36¼	91	139	14– 4	13.8	12.5	1.13
Union Pacific/Dec	UNP	n	75–29	56–45	51	7	78	24– 8	12.2	11.5	0.72
Union Planters/Dec	UPCM	o	35–14	35–20	34½	70	124	NM– 4	17.9	10.4	0.49
United Banks of Colo/Dec	UBKS	o	35–13	35–22	34⅛	38	101	10– 5	9.9	9.5	0.73
United Brands/Mar	UB	n	28– 7	28–13	23⅞	87	137	NM– 5	11.5	10.6	0.12
United Financial/Dec	UFGI	o	13– 2*	9– 5	5¼	–23	56	NM– 1*	NM	NA	9.00
United Illuminating/Dec	UIL	n	33– 9	33–15	31¾	95	143	6– 2	5.5	5.6	0.85
United Jersey Banks/Dec	UJB	n	40– 7	40–23	38⅞	65	120	12– 4	11.9	10.9	0.91
United Missouri Bcsh/Dec	UMSB	o	48–14	48–29	46¼	53	112	11– 4	12.3	11.6	1.43
US Bancorp/Dec	USBC	o	40–12	40–25	38¼	27	93	10– 4	11.5	10.2	0.93
US Health Care/Dec	USHC	o	23– 2*	23–12	18¼	51	110	NM–15*	35.8	20.7	2.62
United States Shoe/Jan	USR	n	53–11	53–28	51¼	67	122	17– 4	17.6	12.7	0.59
United States Steel/Dec	X	n	35–16	33–22	22⅞	–14	62	NM– 2	13.4	9.6	0.15
US Tobacco/Dec	UTO	n	43–12	40–30	36⅛	–1	72	17– 8	11.2	10.0	2.12
US Trust/Dec	USTC	o	55–11	55–27	53	92	140	12– 6	13.8	12.5	1.17
United Technologies/Dec	UTX	n	56–16	56–36	51¼	25	91	20– 4	24.4	10.6	0.42
United Telecom/Dec	UT	n	30–15	30–20	29½	36	100	NM– 5	NM	11.9	0.88
United Virginia Bksh/Dec	UVBK	o	58–16	58–39	56½	42	103	10– 5	10.7	9.7	1.03
Unocal/Dec	UCL	n	49–21	49–21	22	–54	34	13– 4	9.3	7.3	0.24
Upjohn/Dec	UPJ	n	163–38	163–77	160¼	100	146	22– 7	24.4	20.9	2.46
US West/Dec	USW	n	100–55*	100–73	96⅜	29	94	9– 6*	10.0	9.2	1.18
USAir Group/Dec	U	n	40–10	39–27	34⅞	3	75	14– 3	8.6	9.0	0.53
USF&G/Dec	FG	n	47–16	47–30	43	39	101	NM– 6	NM	11.7	0.80

*Range is for less than period indicated. †Does not include dividends in stock in another company. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21,1986

	Earnings						Dividends			Shares outstanding	
net profit margin	latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	indicated rate	payout ratio	5-year growth rate	common stock (mil)	% held by institutions
14.1%	$4.35	$4.35	$4.48	3%	25	very high	$2.68	62%	8%	138.0	67%
3.9	5.99	5.99	5.93	–1	9	average	1.80	30	0	39.1	31
9.7	2.64	2.64	2.99	13	5	very high	0.76	29	15	18.9	39
2.3	1.62	1.60	1.79	12	4	very high	0.64	40	12	20.1	19
5.9	3.15	3.15	3.66	16	27	average	1.00	32	–2	62.8	52
8.0	3.49	3.49	3.61	3	22	average	1.50	43	12	64.4	30
29.2	3.54	3.54	3.31	–6	9	average	2.52	71	–1	38.9	16
8.9	3.59	3.59	4.03	12	2	very high	1.50	42	4	5.2	42
12.3	2.20	2.20	2.46	12	20	high	0.60	27	11	70.5	43
0.6	0.29	0.29	0.58	100	5	very low	0.00	0	NA	25.0	14
6.1	1.39	1.39	1.82	31	20	very high	0.00	0	NA	81.9	55
NM	–6.54	–6.54	–0.33	NM	11	very low	0.00	0	NA	40.8	18
2.6	2.15	2.15	2.99	39	15	low	1.68	78	6	65.9	39
3.2	4.34	4.34	4.17	–4	26	average	2.24	52	NA	24.6	45
3.6	2.25	2.25	3.00	33	1	NM	0.00	0	NA	5.8	18
10.1	5.66	5.66	3.03	–46	12	average	0.48	8	NA	34.6	87
2.6	4.18	4.18	5.31	27	25	average	2.16	52	17	91.2	69
2.2	3.35	3.35	1.45	–57	3	low	0.10	3	NA	4.0	22
6.4	3.06	3.06	3.49	14	15	average	1.00	33	NA	40.6	40
NM	–0.27	–0.27	6.97	NM	19	average	3.00	NM	6	29.0	66
24.7	4.35	4.35	4.54	4	17	very high	3.30	76	15	24.0	38
0.5	2.64	2.64	3.25	23	1	NM	1.30	49	12	3.9	15
NM	–2.09	–2.09	5.05	NM	26	low	1.00	NM	0	35.3	59
5.1	1.95	1.95	3.05	56	20	low	1.64	84	4	48.9	65
NM	–2.86	–2.86	1.69	NM	28	low	1.50	NM	3	202.8	0
21.2	2.86	2.86	2.73	–5	17	average	1.84	64	4	102.1	26
8.2	2.63	2.63	2.90	10	1	NM	1.14	43	7	7.9	34
6.4	4.18	4.18	4.42	6	19	high	1.80	43	1	109.8	58
3.1	1.93	1.93	3.31	72	4	average	0.00	0	NA	3.5	50
7.5	3.47	3.47	3.60	4	12	high	1.08	31	5	10.3	41
1.0	2.07	2.25E	2.25	0	1	NM	0.05	2	NA	15.2	90
NM	–0.42	–0.42	NA	NA	NA	NA	0.00	0	NA	8.2	11
19.3	5.82	5.82	5.70	–2	2	NM	2.32	40	–9	13.7	9
8.4	3.26	3.26	3.56	9	7	high	1.16	36	10	10.0	19
11.6	3.76	3.76	4.00	6	2	NM	1.00	27	11	8.1	9
8.1	3.33	3.33	3.75	13	23	high	1.00	30	3	19.9	50
7.0	0.51	0.51	0.88	73	24	average	0.12	24	0	50.4	58
3.4	2.92	2.92	4.04	38	16	average	0.92	32	12	22.1	70
1.7	1.71	1.71	2.38	39	19	very low	1.20	70	–16	123.4	24
19.5	3.28	3.28	3.68	12	15	average	1.96	60	22	27.8	38
8.7	3.84	3.84	4.25	11	2	NM	1.32	34	9	6.3	39
2.1	2.12	2.12	4.87	130	28	high	1.40	66	5	122.9	59
0.7	0.18	0.18	2.47	NM	26	average	1.92	67	6	95.9	50
9.3	5.30	5.30	5.83	10	15	very high	1.84	35	13	13.3	32
3.0	2.36	2.36	3.02	28	35	very low	1.20	51	5	116.3	68
10.1	6.57	6.57	7.65	16	37	high	3.04	46	6	31.0	69
11.8	9.68	9.68	10.52	9	36	very high	6.08	63	NA	95.2	39
6.6	4.05	4.05	3.89	–4	25	low	0.12	3	0	26.9	73
NM	–0.82	–0.53E	3.69	NM	21	low	2.32	NM	8	63.8	62

Sources: William O'Neil & Co. The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan (1st Micro Scan from Issy Corp. Forbes

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	Exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance latest 12 months price change	Stock performance latest 12 months relative to market	Stock price ratios price/earnings 5-year high-low	Stock price ratios price/earnings latest 12 months	Stock price ratios price/earnings 1986 est	Stock price ratios price/sales
USG/Dec	USG	n	71–13	71–31	66	102%	147	22– 4	9.8	9.4	0.85
USLife/Dec	USH	n	47–15	47–33	44⅝	7	78	12– 4	12.1	10.3	0.85
Utah Power & Light/Dec	UTP	n	30–15	30–22	28⅜	26	92	14– 6	11.7	11.3	1.53
Valero Energy/Dec	VLO	n	37– 6	15– 8	9	–4	70	NM– 4	8.5	8.7	0.08
Valley Federal S&L/Dec	VFED	o	30– 7*	30–12	25½	63	119	NM– 4*	7.9	–0.3	0.23
Valley National/Dec	VNCP	o	47–13	47–34	45⅛	28	93	10– 4	9.8	8.8	0.74
VF/Dec	VFC	n	69– 8	69–31	63	99	145	13– 4	14.0	12.7	1.32
Viacom International/Dec	VIA	n	66–17	66–40	56¼	36	99	29–10	24.6	28.3	2.61
Vulcan Materials/Dec	VMC	n	109–39	109–70	104	34	98	19– 6	16.9	12.1	1.21
Wal-Mart Stores/Jan	WMT	n	41– 4	41–22	36⅛	65	121	33–14	31.7	24.7	1.20
Waldbaum/Dec	WALD	o	31– 5	30–17	29⅜	70	124	9– 3	9.7	9.0	9.00
Walgreen/Aug	WAG	n	35– 5	35–23	33	23	90	20– 7	21.2	18.8	0.62
Wang Laboratories/Jun	WANB	a	43–12	23–15	19⅜	–3	71	NM–13	NM	27.3	1.12
Warner Commun/Dec	WCI	n	63–17	43–25	41½	54	113	NM– 7	14.4	21.5	1.14
Warner-Lambert/Dec	WLA	n	54–17	54–34	52¾	34	98	NM– 9	NM	15.3	1.25
Washington Mutual/Dec	WAMU	o	27– 8*	27–11	23⅞	105	150	NM– 4*	7.9	7.3	0.36
Washington National/Dec	WNT	n	40–14	35–22	34¼	30	95	20– 5	14.0	11.9	0.50
Washington Post/Dec	WPOB	a	156–24	156–102	152	37	100	17–10	17.6	19.8	1.81
Washington Water/Dec	WWP	n	29–16	29–20	28	38	101	9– 5	9.2	9.6	1.32
Waste Management/Dec	WMX	n	46–13	46–24	44½	67	122	25–10	25.9	21.3	2.80
Weis Markets/Dec	WMK	n	42–10	42–25	37¼	47	107	22– 8	19.1	16.9	1.13
Wells Fargo/Dec	WFC	n	87–18	87–52	87⅝	60	116	8– 3	10.5	9.6	0.55
Wendy's Intl/Dec	WEN	n	19– 5	19–14	17⅝	4	76	19– 8	17.1	14.9	1.22
Western Air Lines/Dec	WAL	n	13– 3	13– 6	11¾	98	144	NM– 4	12.5	10.5	0.41
Western Capital Inv/Dec	WECA	o	22–11	22–11	18½	63	119	14– 6	8.9	NA	0.46
Western S&L/Dec	WSL	n	24– 1	24– 9	22	141	176	NM– 5	9.5	NA	0.54
Westinghouse Elec/Dec	WX	n	53–11	53–29	49⅝	66	121	13– 4	14.0	11.4	0.71
Westvaco/Oct	W	n	56–17	56–35	52⅝	42	104	18– 5	14.9	13.1	0.89
Wetterau/Mar	WETT	o	43– 9	43–26	41⅝	53	112	NM– 8	13.8	12.6	0.15
Weyerhaeuser/Dec	WY	n	42–23	39–25	36⅝	33	97	44–12	27.7	17.1	0.91
Whirlpool/Dec	WHR	n	71–22	71–41	66⅜	48	108	13– 5	13.4	13.2	0.70
White Consolidated/Dec	WSW	n	50–23	50–26	47	67	122	20– 5	22.9	17.3	0.38
Whitney Holding/Dec	WHL	o	83–65	83–65	66	–19	60	11– 9	8.7	NA	0.50
Wickes Cos/Jan	WIX	n	16– 2	7– 3	6¼	61	118	NM– 2	56.8	11.2	0.21
Willamette Inds/Dec	WMTT	o	63–16	63–37	61¾	67	122	NM– 7	15.6	13.2	0.82
Williams Cos/Dec	WMB	n	38–13	34–22	23¾	–20	58	65– 5	25.8	13.4	0.26
Wilmington Trust/Dec	WILM	o	48– 6	48–22	45½	72	125	12– 4	14.4	12.5	1.73
Wilson Foods/Jul	WILF	o	15– 4*	9– 4	8⅜	–4	70	NM– 2*	NM	–8.4	0.03
Winn-Dixie Stores/Jun	WIN	n	40–17	40–32	40	17	85	15– 7	15.2	14.5	0.20
Wisconsin Electric/Dec	WPC	n	50–14	50–32	46⅞	44	105	9– 5	9.9	9.9	1.08
Wisconsin P&L/Dec	WPL	n	47–16	47–31	45⅜	43	104	9– 5	10.7	10.6	1.03
Wisconsin Public Svc/Dec	WPS	n	47–15	47–30	44½	50	114	9– 5	10.0	10.1	0.81
Witco/Dec	WIT	n	53–14	53–34	52⅝	51	111	12– 5	13.7	12.2	0.53
FW Woolworth/Jan	Z	n	73–16	73–41	72⅞	78	130	19– 4	13.3	12.2	0.39
Xerox/Dec	XRX	n	72–27	72–42	67⅜	57	114	21– 5	15.2	12.3	0.56
Yellow Freight/Dec	YELL	o	36– 5	36–16	33½	108	152	28– 7	17.2	14.0	0.63
Zayre/Jan	ZY	n	71– 7	71–40	70⅞	69	123	22– 6	21.9	16.5	0.49
Zenith Electronics/Dec	ZE	n	39–10	26–16	24¼	11	81	NM– 7	NM	28.2	0.35
Zions Utah Bancorp/Dec	ZION	o	52–21	52–34	52	41	103	10– 6	11.1	10.6	1.07

*Range is for less than period indicated. NA: not available or not applicable. NM: not meaningful. E: estimate. Stock prices as of Mar. 21, 1986.

net profit margin	latest 12 months EPS	1985 EPS	estimated 1986 EPS	% change '86 vs '85 EPS	number of analysts	confidence factor on estimate	indicated rate	payout ratio	5-year growth rate	common stock (mil)	% held by institutions
	Earnings						Dividends			Shares outstanding	
8.9%	$6.71	$6.71	$7.01	4%	13	average	$1.92	29%	10%	32.4	54%
7.5	3.68	3.68	4.34	18	15	average	1.12	30	5	19.3	55
15.0	2.46	2.46	2.54	3	20	very high	2.32	94	1	55.6	16
1.3	1.06	1.06	1.03	–3	13	very low	0.00	0	NA	24.8	30
3.3	3.21	3.21	NA	NA	NA	NA	0.00	0	NA	2.9	39
7.5	4.60	4.60	5.14	12	22	very high	1.32	29	3	16.7	63
9.4	4.50	4.50	4.95	10	11	very high	1.28	28	23	31.1	69
8.3	2.29	2.29	1.99	–13	14	low	0.48	21	8	20.6	55
7.3	6.15	6.15	8.59	40	7	average	2.96	48	5	11.3	55
3.8	1.16	1.16	1.49	28	29	average	0.17	15	42	281.0	41
1.0	3.08	3.08	3.30	7	1	NM	0.05	2	0	5.6	14
2.9	1.56	1.53	1.76	15	21	very high	0.50	32	28	61.5	42
NM	–0.45	0.11	0.71	545	33	low	0.16	NM	33	140.4	35
8.7	2.87	2.87	1.92	–33	22	low	0.50	17	0	61.7	41
NM	–4.05	–4.05	3.44	NM	37	very high	1.56	NM	3	75.7	64
4.4	3.01	3.01	3.25	8	9	average	0.40	13	NA	6.6	31
3.7	2.48	2.48	2.92	18	5	high	1.08	44	0	10.9	54
10.6	8.66	8.66	7.69	–11	11	high	1.12	13	–4	12.8	42
17.7	3.03	3.03	2.93	–3	6	very high	2.48	82	2	21.7	10
10.6	1.72	1.72	2.09	22	16	very high	0.48	28	27	102.1	61
5.9	1.95	1.95	2.20	13	5	high	0.54	28	13	30.8	44
5.7	8.30	8.30	9.13	10	27	high	2.72	33	6	21.1	61
6.9	1.03	1.03	1.18	15	24	average	0.24	23	27	76.2	73
2.7	0.95	0.95	1.13	19	21	very low	0.00	0	NA	44.9	26
4.8	2.07	2.07	NA	NA	NA	NA	0.00	0	NA	9.3	45
7.5	2.32	2.32	NA	NA	NA	NA	7.20	9	111	12.1	20
5.7	3.52	3.52	4.31	22	27	average	1.20	34	6	153.8	42
6.0	3.55	3.65	4.04	11	17	average	1.32	37	3	28.8	49
0.9	2.99	2.83E	3.29	16	12	average	0.98	33	4	12.3	32
3.8	1.32	1.32	2.14	62	23	low	1.30	98	0	129.9	43
5.2	4.98	4.98	5.06	2	14	high	2.00	40	7	36.7	70
1.8	2.05	2.05	2.72	33	10	average	1.50	73	0	15.8	75
13.1	7.57	7.57	NA	NA	NA	NA	3.80	50	NA	4.3	0
1.4	0.11	0.11	0.56	409	3	very low	0.00	0	NA	96.3	18
5.2	3.95	3.95	4.67	18	13	average	1.65	42	9	15.2	46
1.0	0.92	0.92	1.77	92	19	low	1.40	152	4	34.3	40
11.9	3.15	3.15	3.64	16	5	high	1.20	38	9	8.7	34
NM	–6.37	–2.80	–1.00	NM	2	NM	0.00	0	NA	6.0	7
1.3	2.64	2.64	2.76	5	8	very high	1.74	66	8	40.9	14
11.6	4.75	4.75	4.75	0	27	very high	2.48	52	8	33.3	32
10.3	4.26	4.26	4.31	1	17	very high	2.84	67	7	13.2	12
9.0	4.45	4.45	4.41	–1	16	very high	2.86	64	10	11.6	23
3.9	3.85	3.85	4.31	12	10	average	1.48	38	8	14.7	48
3.0	5.50	5.50	5.96	8	18	high	2.00	36	2	32.0	62
4.1	4.44	4.44	5.47	23	17	average	3.00	68	0	96.5	68
3.6	1.95	1.95	2.40	23	20	high	0.54	28	9	28.6	63
2.3	3.23	3.23	4.30	33	15	very high	0.48	15	42	28.1	59
NM	–0.33	–0.33	0.86	NM	11	very low	0.00	NA	NA	23.1	37
10.3	4.67	4.67	4.91	5	6	average	1.36	29	13	5.7	19

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan; and Micro Scan from Interactive Data Corp.

Where to find The Forbes 500s

This section lists basic data on the 798 companies in The Forbes 500s. Address, telephone, industry group and CEO are included.

Addresses

Abbott Laboratories
Route 137 & Waukegan Road
Abbott Park, IL 60064
312–937–6100
CEO: Robert A Schoellhorn
Health-drugs
Health-health care

Advanced Micro Devices
PO Box 3453
Sunnyvale, CA 94088
408–732–2400
CEO: Walter J Sanders III
Computers & electronics-semiconductors

Aetna Life & Casualty
151 Farmington Avenue
Hartford, CT 06156
203–273–0123
CEO: James T Lynn
Insurance-diversified

Affiliated Bankshares of Colorado
1101 Arapahoe Avenue
Boulder, CO 80302
303–449–2030
CEO: Leo Hill
Banks and thrifts-West

HF Ahmanson
3731 Wilshire Boulevard
Los Angeles, CA 90010
213–487–4277
CEO: Richard H Deihl
Banks and thrifts-thrift

Air Products & Chemicals
PO Box 538
Allentown, PA 18105
215–481–4911
CEO: Edward Donley
Specialized chemicals

Albertson's
PO Box 20
Boise, ID 83726
208–385–6200
CEO: Warren E McCain
Food distributors-major supermarkets

Alco Standard
PO Box 834
Valley Forge, PA 19482–0834
215–296–8000
CEO: Ray B Mundt
Paper
Health-health care

Alexander & Alexander Services
1211 Avenue of the Americas
New York, NY 10036
212–840–8500
CEO: John A Bogardus Jr
Insurance-brokerage

Alexander & Baldwin
PO Box 3440
Honolulu, HI 96801
808–525–6611
CEO: Robert J Pfeiffer
Surface transport-shipping & other

Alleghany
Park Avenue Plaza
New York, NY 10055
212–752–1356
CEO: Fred M Kirby
Metals steel

Allegheny Beverage
Macke Circle
Cheverly, MD 20781
301–341–6000
CEO: Morton M Lapides
Food distributors-wholesaling

Allegheny International
PO Box 456
Pittsburgh, PA 15230
412–562–4000
CEO: Robert J Buckley
Diversified companies-conglomerate
Consumer products-appliances

Allegheny Power System
320 Park Avenue
New York, NY 10022
212–752–2121
CEO: Klaus Bergman
Electric utilities-Midwest

Allied Bancshares
PO Box 1515
Houston, TX 77251
713–224–6611
CEO: Gerald H Smith
Banks and thrifts-Southwest

Allied-Signal (formerly Allied Corp)
PO Box 4000R
Morristown, NJ 07960
201–455–2000
CEO: Edward L Hennessy Jr
Diversified companies-conglomerate/Automotive-automotive parts/Diversified chemicals

Allied Stores
1114 Avenue of the Americas
New York, NY 10036
212–764–2000
CEO: Thomas M Macioce
Retailing-department stores

Alltel
100 Executive Parkway
Hudson, OH 44236
216–650–7000
CEO: Weldon W Case
Telecommunications-carrier

Where to find The Forbes 500s

Aluminum Co of America
1501 Alcoa Building
Pittsburgh, PA 15219
412–553–4545
CEO: Charles W Parry
Metals-nonferrous metals

AMAX
Amax Center
Greenwich, CT 06836–1700
203–629–6000
CEO: Allen Born
Metals-nonferrous metals
Coal

Amerada Hess
1185 Avenue of the Americas
New York, NY 10036
212–997–8500
CEO: Leon Hess
Oil-other oil and gas

American Brands
245 Park Avenue
New York, NY 10167–0011
212–880–4200
CEO: Edward W Whittemore
Diversified companies-multicompany
Beverages & tobacco-tobacco

American Can
PO Box 3610
Greenwich, CT 06836–3610
203–552–2000
CEO: William S Woodside
Packaging

American Continental
2735 East Camelback Road
Phoenix, AZ 85016
602–957–7170
CEO: Charles H Keating Jr
Banks and thrifts-thrift

American Cyanamid
One Cyanamid Plaza
Wayne, NJ 07470
201–831–2000
CEO: George J Sella Jr
Health-drugs
Diversified chemicals

American Electric Power
One Riverside Plaza
Columbus, OH 43215
614–223–1000
CEO: Willis S White Jr
Electric utilities-Midwest

American Express
American Express Plaza
New York, NY 10285–4805
212–640–2000
CEO: James D Robinson III
Financial svcs-lending, leasing & ins
Insurance-diversified

American Family
1932 Wynnton Road
Columbus, GA 31999
404–323–3431
CEO: John B Amos
Insurance-life and health

American Fletcher
111 Monument Circle
Indianapolis, IN 46277
317–639–3000
CEO: Frank E McKinney Jr
Banks and thrifts-Midwest

American General
PO Box 3247
Houston, TX 77253
713–522–1111
CEO: Harold S Hook
Insurance-diversified

American Greetings
10500 American Road
Cleveland, OH 44144
216–252–7300
CEO: Irving I Stone
Communications media-publishing

American Home Products
685 Third Avenue
New York, NY 10017–4085
212–878–5000
CEO: John W Culligan
Health-drugs
Consumer products-household products

American Information Technologies
30 South Wacker Drive
Chicago, IL 60606
312–750–5000
CEO: William L Weiss
Telecommunications-carrier

American International Group
70 Pine Street
New York, NY 10270
212–770–7000
CEO: Maurice R Greenberg
Insurance-diversified

American Medical International
414 North Camden Drive
Beverly Hills, CA 90210
213–278–6200
CEO: Walter L Weisman
Health-hospital management

American Motors
27777 Franklin Road
Southfield, MI 48034
313–827–1000
CEO: Joseph E Cappy
Automotive-automobiles and trucks

American National Insurance
One Moody Plaza
Galveston, TX 77550
409–763–4661
CEO: Orson C Clay
Insurance-life and health

American Petrofina
8350 North Central Expressway
Dallas, TX 75206
214–750–2400
CEO: Paul D Meek
Oil-other oil and gas

American Savings & Loan Assn of Fla
17801 NW Second Avenue
Miami, FL 33169–5089
305–653–5353
CEO: Morris N Broad
Banks and thrifts-thrift

American Savings Bank FSB
380 Madison Avenue
New York, NY 10017
212–880–7600
CEO: John T Morgan
Banks and thrifts-thrift

American Security
730 Fifteenth Street NW
Washington, DC 20013
202–624–4000
CEO: Daniel J Callahan III
Banks and thrifts-Mid-Atlantic

American Standard
40 West 40th Street
New York, NY 10018
212–703–5100
CEO: William B Boyd
Construction-commercial building/Construction materials/Surface transport-railroads

American Stores
PO Box 27447
Salt Lake City, UT 84127–0447
801–539–0112
CEO: Lennie S Skaggs
Retailing-drugstores
Food distributors-major supermarkets

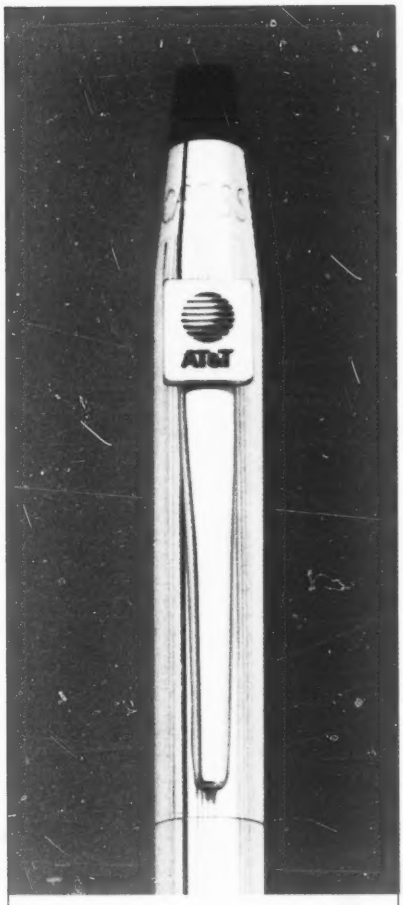
American Telephone & Telegraph
550 Madison Avenue
New York, NY 10022
212–605–5500
CEO: Charles L Brown
Telecommunications-carrier

AmeriTrust
900 Euclid Avenue
Cleveland, OH 44115–1461
216–687–5000
CEO: Jerry V Jarrett
Banks and thrifts-Midwest

Ames Department Stores
2418 Main Street
Rocky Hill, CT 06067–0801
203–563–8234
CEO: Herbert Gilman
Retailing-discount & variety stores

Amfac
PO Box 7813
San Francisco, CA 94120
415–772–3370
CEO: Ronald R Sloan
Diversified companies-conglomerate

Amoco
200 East Randolph Drive
Chicago, IL 60601
312–856–6111
CEO: Richard M Morrow
Oil-other oil and gas



When AT&T recognizes excellence, everyone gets the message.

AT&T knows that gifts of Cross writing instruments are a memorable way to communicate its appreciation for a job well done. Cross will accurately reproduce your corporate emblem and provide personalized engraving. For our business gift catalog, write A. T. Cross, 97 Albion Road, Lincoln, RI 02865 on your company letterhead.

CROSS®
SINCE 1846

Where to find The Forbes 500s

AMP
470 Friendship Road
Harrisburg, PA 17105
717–564–0100
CEO: Walter F Raab
Computers & electronics-electronic equip

AMR
PO Box 619616
DFW Airport, TX 75261–9616
817–355–1234
CEO: Robert L Crandall
Air transport-passenger

AmSouth Bancorporation
PO Box 11007
Birmingham, AL 35288
205–320–7151
CEO: John W Woods
Banks and thrifts-Southeast

Analog Devices
2 Technology Way
Norwood, MA 02062
617–329–4700
CEO: Ray Stata
Computers & electronics-semiconductors

Anderson, Clayton
PO Box 2538
Houston, TX 77252
713–651–0641
CEO: W Fenton Guinee Jr
Food processor-branded foods
Food processor-commodities

Anheuser-Busch Cos
One Busch Place
St Louis, MO 63118
314–577–2000
CEO: August A Busch III
Beverages & tobacco-alcoholic beverages

Apple Computer
20525 Mariani Avenue
Cupertino, CA 95014
408–996–1010
CEO: John Sculley
Computers & electronics-computers

Archer Daniels Midland
4666 Faries Parkway
Decatur, IL 62525
217–424–5341
CEO: Dwayne O Andreas
Food processor-commodities

Arizona Bancwest
101 North First Avenue
Phoenix, AZ 85003
602–262–2000
CEO: Donald B Tostenrud
Banks and thrifts-Southwest

Arkla
PO Box 21734
Shreveport, LA 71151
318–226–2700
CEO: Thomas F McLarty III
Natural gas-integrated

Armco
CN–1921
Morristown, NJ 07960–1921
201–540–7707
CEO: Robert E Boni
Metals-steel

Armstrong World Industries
PO Box 3001
Lancaster, PA 17604
717–397–0611
CEO: Joseph L Jones
Construction-construction materials

Ashland Oil
PO Box 391
Ashland, KY 41114
606–329–3333
CEO: John R Hall
Oil-other oil and gas

Associated Dry Goods
417 Fifth Avenue
New York, NY 10016
212–679–8700
CEO: Joseph H Johnson
Retailing-department stores
Retailing-discount & variety stores

Atlantic City Electric
PO Box 1264
Pleasantville, NJ 08232
609–645–4100
CEO: E Douglas Huggard
Electric utilities-Northeast

Atlantic Richfield
515 South Flower Street
Los Angeles, CA 90071
213–486–3511
CEO: Lodwrick M Cook
Oil-other oil and gas

Automatic Data Processing
One ADP Boulevard
Roseland, NJ 07068
201–994–5000
CEO: Josh S Weston
Services-office

Avnet
767 Fifth Avenue
New York, NY 10153
212–644–1050
CEO: Anthony R Hamilton
Computers & electronics-semiconductors

Avon Products
9 West 57th Street
New York, NY 10019
212–546–6015
CEO: Hicks B Waldron
Consumer products-personal products

AZP Group (formerly Arizona Public Service)
PO Box 53900
Phoenix, AZ 85072–3900
602–250–1000
CEO: Keith L Turley
Electric utilities-West

Baker International
PO Box 5500
Orange, CA 92613–5500
714–634–2333
CEO: Earnest H Clark Jr
Oil-oilfield services

Bally Manufacturing
8700 West Bryn Mawr Avenue
Chicago, IL 60631
312–399–1300
CEO: Robert E Mullane Jr
Leisure & recreation-entertainment
Leisure & recreation-hotels and gaming

Baltimore Gas & Electric
PO Box 1475
Baltimore, MD 21203
301–234–5000
CEO: Bernard C Trueschler
Electric utilities-Southeast
Natural gas-distributor

Banc One
100 East Broad Street
Columbus, OH 43215
614–463–5944
CEO: John B McCoy
Banks and thrifts-Midwest

Banco Popular de Puerto Rico
GPO Box 2708
San Juan, PR 00936
809–765–9800
CEO: Rafael Carrión Jr
Banks and thrifts-Southeast

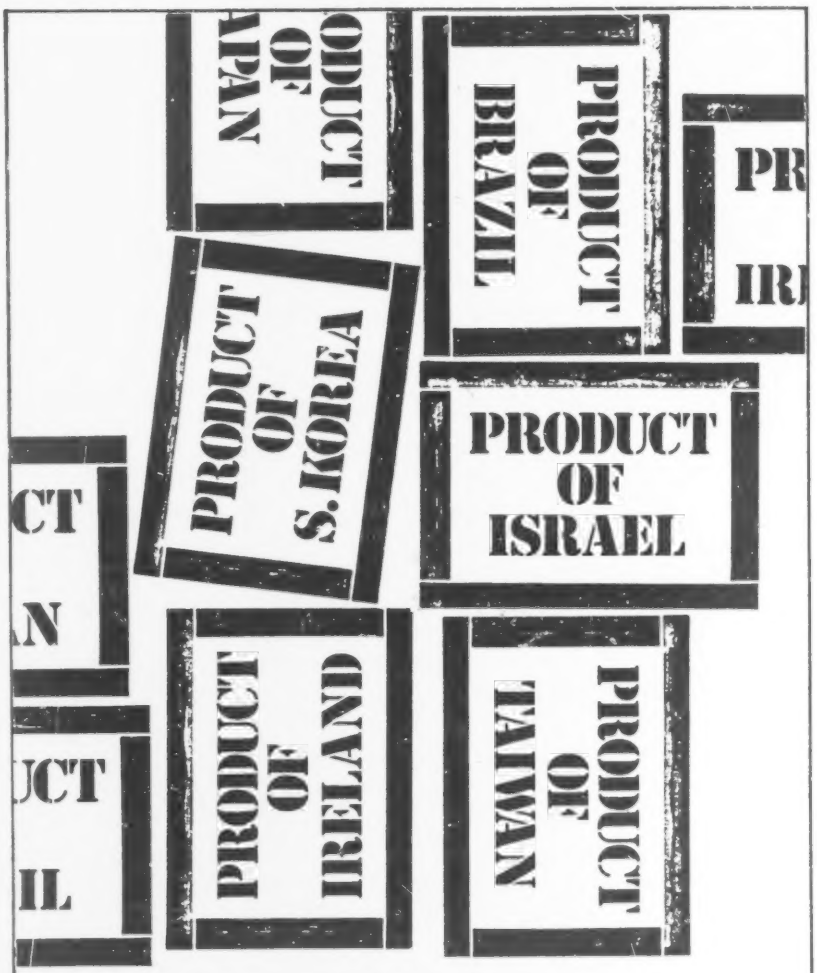
BancOklahoma
PO Box 2300
Tulsa, OK 74192
918–588–6000
CEO: Leonard J Eaton Jr
Banks and thrifts-Southwest

Bancorp Hawaii
PO Box 2900
Honolulu, HI 96846
808–537–8111
CEO: Frank J Manaut
Banks and thrifts-West

Bank of Boston
100 Federal Street
Boston, MA 02110
617–434–2200
CEO: William L Brown
Banks and thrifts-multinational

Bank of New England
28 State Street
Boston, MA 02109
617–742–4000
CEO: Walter J Connolly Jr
Banks and thrifts-Northeast

Bank of New York
48 Wall Street
New York, NY 10015
212–530–1784
CEO: John Carter Bacot
Banks and thrifts-Northeast



Only one of them can get into the USA and the EEC duty-free!

Invest in Israel and get a ready market of 500,000,000 people!

Whether you're in chocolate or computer chips, it pays to invest and manufacture in Israel.

Because only Israel has duty-free access to both the EEC and the USA.

But there's more. Israel offers such added incentives as 0% income tax (or 10% tax plus 44% grant), low-cost leasing and 50% grants for R&D.

And if all that's not enough, consider the fact that Israel has a fully developed high-tech infrastructure and one of the most skilled labor forces in the world—all at substantially lower cost.

If opening up a market of half a billion people sounds interesting, come to the only country that can do it all for you. Israel.

For further information contact the Government of Israel Investment Authority, 350 Fifth Avenue, New York, NY 10118. Telephone: (212) 560-0610.

ISRAEL *of course!*

Where to find The Forbes 500s

Bank of Virginia
PO Box 25970
Richmond, VA 23260
804–747–2000
CEO: Frederick Deane Jr
Banks and thrifts-Mid-Atlantic

Bank South
PO Box 5092
Atlanta, GA 30302
404–529–4111
CEO: Robert P Guyton
Banks and thrifts-Southeast

BankAmerica
Box 37000
San Francisco, CA 94137
415–622–3456
CEO: Samuel H Armacost
Banks and thrifts-multinational

Bankers Trust New York
280 Park Avenue
New York, NY 10017
212–250–2500
CEO: Alfred Brittain III
Banks and thrifts-multinational

Banks of Mid-America
PO Box 25848
Oklahoma City, OK 73125
405–231–6000
CEO: John W McLean
Banks and thrifts-Southeast

Barnett Banks of Florida
PO Box 40789
Jacksonville, FL 32231
904–791–7720
CEO: Charles E Rice
Banks and thrifts-Southeast

Bausch & Lomb
PO Box 54
Rochester, NY 14601
716–338–6000
CEO: Daniel E Gill
Health-drugs

Baxter Travenol Laboratories
One Baxter Parkway
Deerfield, IL 60015
312–948–2000
CEO: Vernon R Loucks Jr
Health-health care

BayBanks
175 Federal Street
Boston, MA 02110
617–482–1040
CEO: William M Crozier Jr
Banks and thrifts-Northeast

Bear Stearns Cos
55 Water Street
New York, NY 10041
212–952–5000
CEO: Alan C Greenberg
Financial services-securities brokerage

Beatrice
2 North LaSalle Street
Chicago, IL 60602
312–782–3820
CEO: William W Granger Jr
Food processor-branded foods

Becton Dickinson
One Becton Drive
Franklin Lakes, NJ 07417–1880
201–848–6800
CEO: Wesley J Howe
Health-health care

Bell Atlantic
1600 Market Street
Philadelphia, PA 19103
215–963–6000
CEO: Thomas E Bolger
Telecommunications-carrier

BellSouth
675 West Peachtree Street NE
Atlanta, GA 30375
404–420–8600
CEO: John L Clendenin
Telecommunications-carrier

Beneficial Corp
1100 Carr Road
Wilmington, DE 19899
302–798–0800
CEO: Finn M W Caspersen
Financial svcs-lending, leasing & ins
Insurance-diversified

Bergen Brunswig
4000 Metropolitan Drive
Orange, CA 92668–3510
714–385–4000
CEO: Emil P Martini Jr
Health-drugs

Berkshire Hathaway
1440 Kiewit Plaza
Omaha, NE 68131
402–346–1400
CEO: Warren E Buffett
Diversified companies-multicompany
Insurance-property and casualty

Best Products
PO Box 26303
Richmond, VA 23260
804–261–2000
CEO: Andrew M Lewis
Retailing-catalog showrooms

Bethlehem Steel
Martin Tower
Bethlehem, PA 18016
215–694–2424
CEO: Walter F Williams
Metals-steel

Beverly Enterprises
PO Box 90130
Pasadena, CA 91109–5130
818–577–6111
CEO: Robert Van Tuyle
Health-hospital management

Big Three Industries
PO Box 3047
Houston, TX 77253
713–868–0333
CEO: Harry K Smith
Oil-oilfield services
Specialized chemicals

Black & Decker
701 East Joppa Road
Towson, MD 21204
301–583–3900
CEO: Nolan D Archibald
Consumer products-appliances

H&R Block
4410 Main Street
Kansas City, MO 64111
816–753–6900
CEO: Henry W Bloch
Financial svcs-lending, leasing & ins

Boatmen's Bancshares
PO Box 236
St Louis, MO 63166
314–425–7500
CEO: Donald N Brandin
Banks and thrifts-Midwest

Boeing
PO Box 3707
Seattle, WA 98124
206–655–2121
CEO: Frank A Shrontz
Aerospace and defense

Boise Cascade
One Jefferson Square
Boise, ID 83728
208–384–6161
CEO: John B Fery
Paper/Construction-lumber/Packaging

Borden
277 Park Avenue
New York, NY 10172
212–573–4000
CEO: Eugene J Sullivan
Food processor-branded foods
Diversified chemicals

Borg-Warner
200 South Michigan Avenue
Chicago, IL 60604
312–322–8500
CEO: James F Beré
Diversified companies-multicompany/Diversified chemicals/Automotive-automotive parts

Boston Edison
800 Boylston Street
Boston, MA 02199
617–424–2000
CEO: Stephen J Sweeney
Electric utilities-Northeast

Bowater
PO Box 4012
Darien, CT 06820–4012
203–656–7200
CEO: Anthony P Gammie
Paper

Where to find The Forbes 500s

Branch Corp
PO Box 1847
Wilson, NC 27893
919–399–4291
CEO: L Vincent Lowe Jr
Banks and thrifts-Southeast

Bristol-Myers
345 Park Avenue
New York, NY 10154
212–546–4000
CEO: Richard L Gelb
Health-drugs/Health-health care
Consumer products-personal products

Brooklyn Union Gas
195 Montague Street
Brooklyn, NY 11201–3631
718–403–2000
CEO: Eugene H Luntey
Natural gas-distributor

Brown-Forman
PO Box 1080
Louisville, KY 40201
502–585–1100
CEO: W L Lyons Brown Jr
Beverages & tobacco-alcoholic beverages

Brown Group
PO Box 29
St Louis, MO 63166
314–854–4000
CEO: Bernard A Bridgewater Jr
Retailing-shoe stores
Apparel & textile manufacturer-shoes

Browning-Ferris Industries
PO Box 3151
Houston, TX 77253
713–870–8100
CEO: Harry J Phillips Sr
Services-industrial

Brunswick
One Brunswick Plaza
Skokie, IL 60077
312–470–4700
CEO: Jack F Reichert
Leisure & recreation-recreation

Burlington Industries
PO Box 21207
Greensboro, NC 27420
919–379–2000
CEO: William A Klopman
Apparel & textile manufacturer-textiles
Consumer products-home furnishings

Burlington Northern
999 Third Avenue
Seattle, WA 98104–4097
206–467–3838
CEO: Richard M Bressler
Surface transportation-railroads
Natural gas-producer and pipeliner

Burroughs
Burroughs Place
Detroit, MI 48232
313–972–7000
CEO: W Michael Blumenthal
Computers & electronics-computers

Cabot
125 High Street
Boston, MA 02110
617–423–6000
CEO: Robert A Charpie
Oil-other oil and gas
Specialized chemicals

CalFed
5670 Wilshire Boulevard
Los Angeles, CA 90036
213–932–4200
CEO: George P Rutland
Banks and thrifts-thrift

California First Bank
350 California Street
San Francisco, CA 94104–1476
415–445–0200
CEO: Seishichi Itoh
Banks and thrifts-West

Campbell Soup
Campbell Place
Camden, NJ 08101–0391
609–342–4800
CEO: R Gordon McGovern
Food processor-branded foods

Capital Cities/ABC
24 East 51st Street
New York, NY 10022
212–421–9595
CEO: Thomas S Murphy
Communications media-publishing
Communications media-broadcasting

Capital Holding
PO Box 32830
Louisville, KY 40232
502–560–2000
CEO: Thomas C Simons
Insurance-life and health

Carolina Power & Light
PO Box 1551
Raleigh, NC 27602
919–836–6111
CEO: Sherwood H Smith Jr
Electric utilities-Southeast

Carson Pirie Scott
1 South State Street
Chicago, IL 60603
312–245–8000
CEO: Peter S Willmott
Retailing-department stores
Food distributors-wholesaling

Carter Hawley Hale Stores
550 South Flower Street
Los Angeles, CA 90071
213–620–0150
CEO: Philip M Hawley
Retailing-department stores
Retailing-apparel

Carteret Savings Bank (formerly Carteret S&L)
200 South Street
Morristown, NJ 07960
201–326–1000
CEO: Robert B O'Brien Jr
Banks and thrifts-thrift

Castle & Cook
PO Box 7330
San Francisco, CA 94111–7330
415–986–3000
CEO: David H Murdock
Food processor-branded foods

Caterpillar Tractor
100 Northeast Adams Street
Peoria, IL 61629
309–675–1000
CEO: George A Schaefer
Heavy equipment-building and mining

CBI Industries
800 Jorie Boulevard
Oak Brook, IL 60522–7001
312–654–7000
CEO: William A Pogue
Construction-commercial building

CBS
51 West 52nd Street
New York, NY 10019
212–975–4321
CEO: Thomas H Wyman
Communications media-broadcasting
Leisure & recreation-entertainment

Celanese
1211 Avenue of the Americas
New York, NY 10036
212–719–8000
CEO: John D Macomber
Diversified chemicals
Apparel & textile manufacturer-textiles

Centel
5725 North East River Road
Chicago, IL 60631
312–399–2500
CEO: Robert P Reuss
Telecommunications-carrier

Centerre Bancorporation
One Centerre Plaza
St Louis, MO 63101
314–554–6000
CEO: Clarence C Barksdale
Banks and thrifts-Midwest

Centex
4600 Republic Bank Tower
Dallas, TX 75201
214–748–7901
CEO: Paul R Seegers
Construction-residential building
Construction-commercial building

Central & South West
PO Box 660164
Dallas, TX 75266–0164
214–754–1000
CEO: Durwood Chalker
Electric utilities-Southwest

Central Bancorporation
201 East Fifth Street
Cincinnati, OH 45202
513–651–8767
CEO: Oliver W Birckhead
Banks and thrifts-Midwest

Where to find The Forbes 500s

Central Bancshares of the South
701 South 20th Street
Birmingham, AL 35296
205–933–3000
CEO: Harry B Brock Jr
Banks and thrifts-Southeast

Central Fidelity Banks
PO Box 27602
Richmond, VA 23261
804–782–4000
CEO: Carroll L Saine
Banks and thrifts-Mid-Atlantic

Central Hudson Gas & Electric
284 South Avenue
Poughkeepsie, NY 12601–4879
914–452–2000
CEO: John E Mack III
Electric utilities-Northeast

Central Illinois Public Service
607 East Adams Street
Springfield, IL 62701
217–523–3600
CEO: Donald G Raymer
Electric utilities-Midwest
Natural gas-distributor

CenTrust
101 East Flagler Street
Miami, FL 33131
305–376–5000
CEO: David L Paul
Banks and thrifts-thrift

Champion International
One Champion Plaza
Stamford, CT 06921
203–358–7000
CEO: Andrew C Sigler
Paper
Construction-lumber

Charter
PO Box 2017
Jacksonville, FL 32231
904–358–4111
CEO: D Thomas Moody
Oil-other oil and gas

Chase Manhattan
One Chase Manhattan Plaza
New York, NY 10081
212–552–2222
CEO: Willard C Butcher
Banks and thrifts-multinational

Chemical New York
277 Park Avenue
New York, NY 10172
212–310–6161
CEO: Walter V Shipley
Banks and thrifts-multinational

Chesebrough-Pond's
Westport, CT 06881–0851
203–222–3000
CEO: Ralph E Ward
Diversified chemicals/Consumer products-personal products/Food processor-branded foods

Chevron
225 Bush Street
San Francisco, CA 94104–4289
415–894–7700
CEO: George M Keller
Oil-international

Chrysler
PO Box 1919
Detroit, MI 48288
313–956–5252
CEO: Lee Iacocca
Automotive-automobiles and trucks

Chubb
PO Box 1615
Warren, NJ 07061–1615
201–580–2000
CEO: Henry U Harder
Insurance-property and casualty

Cigna
One Logan Square
Philadelphia, PA 19103
215–557–5000
CEO: Robert D Kilpatrick
Insurance-diversified
Financial svcs-lending, leasing & ins

Cincinnati Financial
PO Box 145496
Cincinnati, OH 45214–5496
513–771–2000
CEO: John J Schiff
Insurance-diversified

Cincinnati Gas & Electric
PO Box 960
Cincinnati, OH 45201
513–381–2000
CEO: William H Dickhoner
Electric utilities-Midwest
Natural gas-distributor

Circle K
PO Box 52084
Phoenix, AZ 85072
602–253–9600
CEO: Karl Eller
Food distributors-convenience stores

Citadel Holding
600 North Brand Boulevard
Glendale, CA 91203
818–956–7100
CEO: Gerald D Barrone
Banks and thrifts-thrift

Citicorp
399 Park Avenue
New York, NY 10043
212–559–1000
CEO: John S Reed
Banks and thrifts-multinational

Citizens & Southern Georgia
PO Box 4899
Atlanta, GA 30302–4899
404–581–2121
CEO: Bennett A Brown
Banks and thrifts-Southeast

Citizens Fidelity
Citizens Plaza
Louisville, KY 40296
502–581–2100
CEO: J David Grissom
Banks and thrifts-Midwest

City National
400 North Roxbury Drive
Beverly Hills, CA 90210
213–550–5400
CEO: Bram Goldsmith
Banks and thrifts-West

CityFed Financial
PO Box 2872
Palm Beach, FL 33480
305–655–5919
CEO: Alfred J Hedden
Banks and thrifts-thrift

Cleveland Electric Illuminating
PO Box 5000
Cleveland, OH 44101
216–622–9800
CEO: Robert M Ginn
Electric utilities-Midwest

Clorox
1221 Broadway
Oakland, CA 94612
415–271–7000
CEO: Charles R Weaver
Consumer products-household products

Coast Savings & Loan Assn
855 South Hill Street
Los Angeles, CA 90014
213–624–2110
CEO: Ray Martin
Banks and thrifts-thrift

Coastal Corp
9 Greenway Plaza
Houston, TX 77046
713–877–1400
CEO: Oscar S Wyatt Jr
Oil-other oil and gas
Natural gas-producer and pipeliner

Coca-Cola
PO Drawer 1734
Atlanta, GA 30301
404–676–2121
CEO: Roberto C Goizueta
Beverages & tobacco-soft drinks

Coleco Industries
999 Quaker Lane South
West Hartford, CT 06110
203–725–6000
CEO: Arnold C Greenberg
Leisure & recreation-toys & electronics

Colgate-Palmolive
300 Park Avenue
New York, NY 10022
212–310–2000
CEO: Reuben Mark
Consumer products-personal products

Where to find The Forbes 500s

Collins & Aikman
210 Madison Avenue
New York, NY 10016
212–578–1200
CEO: Donald F McCullough
Apparel & textile manufacturer-textiles

Combined International
222 North Dearborn Street
Chicago, IL 60601
312–269–4000
CEO: Patrick G Ryan
Insurance-diversified

Commerce Clearing House
4025 West Peterson Avenue
Chicago, IL 60646
312–583–8500
CEO: Richard T Merrill
Communications media-publishing

Colorado National Bankshares
PO Box 5168
Denver, CO 80217
303–629–1968
CEO: Will F Nichols Jr
Banks and thrifts-Southwest

Combustion Engineering
PO Box 9308
Stamford, CT 06904
203–329–8771
CEO: Charles E Hugel
Heavy equipment-industrial

Commerce Union
One Commerce Place
Nashville, TN 37219
615–749–3333
CEO: Dennis C Bottorff
Banks and thrifts-Southeast

Colt Industries
430 Park Avenue
New York, NY 10022
212–940–0400
CEO: David I Margolis
Automotive-automotive parts/Aerospace and defense/Heavy equipment-industrial

Comdisco
6400 Shafer Court
Rosemont, IL 60018
312–698–3000
CEO: Kenneth N Pontikes
Services-office

Commonwealth Edison
PO Box 767
Chicago, IL 60690
312–294–4321
CEO: James J O'Connor
Electric utilities-Midwest

Columbia Gas System
200 Montchanin Road
Wilmington, DE 19807
302–429–5000
CEO: John H Croom
Natural gas-integrated

Comerica
211 West Fort Street
Detroit, MI 48275
313–222–3300
CEO: Donald R Mandich
Banks and thrifts-Midwest

Community Psychiatric Centers
2204 East Fourth Street
Santa Ana, CA 92705
714–835–4535
CEO: James W Conte
Health-hospital management

Columbia Savings & Loan Assn
8840 Wilshire Boulevard
Beverly Hills, CA 90211
213–657–6134
CEO: Thomas Spiegel
Banks and thrifts-thrift

Commerce Bancshares
PO Box 13686
Kansas City, MO 64199
816–234–2000
CEO: James M Kemper Jr
Banks and thrifts-Midwest

ConAgra
One Central Park Plaza
Omaha, NE 68102
402–978–4000
CEO: Charles M Harper
Food processor-branded foods

The Lifestyle.

Discover a city where business truly comes to life. San Antonio.

Here you'll find a unique style of living. Enjoy lunch with the Symphony. Or take a leisurely stroll along the Riverwalk.

San Antonio is a place where you and your employees can thrive and grow. Yet still enjoy a host of cultural and recreational pursuits.

Take a closer look at the city of tomorrow. And experience San Antonio. The Energy. The Growth. The Lifestyle.

San Antonio℠

The Good Life for Business.

To find out more, contact Stephanie Coleman, President, San Antonio Economic Development Foundation, Department AF, P.O. Box 1628, San Antonio, TX 78296. (512) 226-1394.

Where to find The Forbes 500s

Conifer Group
370 Main Street
Worcester, MA 01608
617–752–5661
CEO: Kenneth McIlraith
Banks and thrifts-Northeast

Consolidated Edison
4 Irving Place
New York, NY 10003
212–460–4600
CEO: Arthur Hauspurg
Electric utilities-Northeast

Consolidated Freightways
PO Box 10340
Palo Alto, CA 94303
415–494–2900
CEO: Raymond F O'Brien
Surface transport-trucking & leasing

Consolidated Natural Gas
Four Gateway Center
Pittsburgh, PA 15222
412–227–1000
CEO: George J Tankersley
Natural gas-integrated

Consolidated Papers
PO Box 50
Wisconsin Rapids, WI 54494
715–422–3111
CEO: George W Mead
Paper

Consumers Power
212 West Michigan Avenue
Jackson, MI 49201
517–788–0550
CEO: William T McCormick Jr
Electric utilities-Midwest
Natural gas-distributor

Continental Bancorp
1500 Market Street
Philadelphia, PA 19102
215–564–7000
CEO: Roy T Peraino
Banks and thrifts-Northeast

Continental Corp
180 Maiden Lane
New York, NY 10038
212–440–3980
CEO: John P Mascotte
Insurance-diversified

Continental Illinois
231 South LaSalle Street
Chicago, IL 60697
312–828–2345
CEO: John E Swearingen
Banks and thrifts-multinational

Continental Telecom
245 Perimeter Center Parkway
Atlanta, GA 30346
404–391–8000
CEO: John N Lemasters
Telecommunications-carrier

Control Data
PO Box O
Minneapolis, MN 55440
612–853–8100
CEO: Robert M Price
Computers & electronics-computers
Financial svcs-lending, leasing & ins

Cooper Industries
PO Box 4446
Houston, TX 77210
713–739–5400
CEO: Robert Cizik
Heavy equipment-industrial
Electrical equipment

Adolph Coors
Golden, CO 80401
303–279–6565
CEO: William K Coors
Beverages & tobacco-alcoholic beverages

CoreStates Financial
Broad & Chestnut Streets
Philadelphia, PA 19101
215–629–3100
CEO: G Morris Dorrance Jr
Banks and thrifts-Mid-Atlantic

Corning Glass Works
Houghton Park
Corning, NY 14831
607–974–9000
CEO: James R Houghton
Health-health care/Consumer products-home furnishings/Computers & electronics-equip

CPC International
PO Box 8000
Englewood Cliffs, NJ 07632
201–894–4000
CEO: James R Eiszner
Food processor-branded foods
Food processor-commodities

Cray Research
608 Second Avenue South
Minneapolis, MN 55402
612–333–5889
CEO: John A Rollwagen
Computers & electronics-computers

CrossLand Savings FSB
211 Montague Street
Brooklyn, NY 11201
718–780–0400
CEO: Luke A Baione
Banks and thrifts-thrift

Crown Central Petroleum
PO Box 1168
Baltimore, MD 21203
301–539–7400
CEO: Henry A Rosenberg Jr
Oil-other oil and gas

Crown Cork & Seal
9300 Ashton Road
Philadelphia, PA 19136
215–698–5100
CEO: John F Connelly
Packaging

Crown Zellerbach
One Bush Street
San Francisco, CA 94104
415–951–5000
CEO: William T Creson
Paper

CSX
PO Box C–32222
Richmond, VA 23261
804–782–1400
CEO: Hays T Watkins
Surface transportation-railroads
Natural gas-producer and pipeliner

Cullen/Frost Bankers
PO Box 1600
San Antonio, TX 78296
512–220–4011
CEO: Thomas C Frost
Banks and thrifts-Southwest

Cummins Engine
500 Jackson Street
Columbus, IN 47202–3005
812–377–5000
CEO: Henry B Schacht
Automotive-automotive parts

Cyclops
650 Washington Road
Pittsburgh, PA 15228
412–343–4000
CEO: William H Knoell
Metals-steel

Dana
PO Box 1000
Toledo, OH 43697
419–535–4500
CEO: Gerald B Mitchell
Automotive-automotive parts

Dart & Kraft
2211 Sanders Road
Northbrook, IL 60062
312–498–8000
CEO: John M Richman
Food processor-branded foods

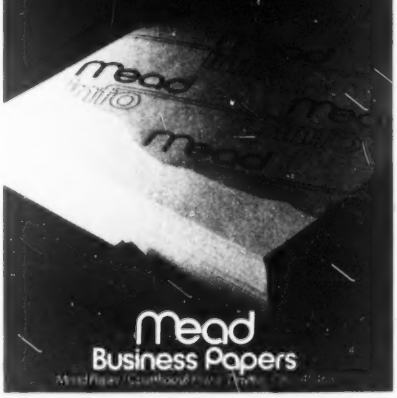
Data General
4400 Computer Drive
Westboro, MA 01580
617–366–8911
CEO: Edson D de Castro
Computers & electronics-computers

Dauphin Deposit
PO Box 2961
Harrisburg, PA 17105
717–255–2121
CEO: John D Wickert
Banks and thrifts-Mid-Atlantic

Dayton-Hudson
777 Nicollet Mall
Minneapolis, MN 55402
612–370–6948
CEO: Kenneth A Macke
Retailing-discount & variety stores

FINALLY, A BUSINESS PAPER THAT PUBLISHES SEVEN DAYS A WEEK.

Unlike business papers that publish only on weekdays, Mead Business Papers cover you seven days a week. Because we know your business can't stop for a weekend.



Mead
Business Papers

By the year 2000, 2 out of 3 Americans could be illiterate.

It's true.

Today, 75 million adults... about one American in three, can't read adequately. And by the year 2000, U.S. News & World Report envisions an America with a literacy rate of only 30%.

Before that America comes to be, you can stop it... by joining the fight against illiteracy today.

Call the Coalition for Literacy at toll-free **1-800-228-8813** and volunteer.

Volunteer Against Illiteracy. The only degree you need is a degree of caring.

Ad Council Coalition for Literacy

Where to find The Forbes 500s

Dayton Power & Light
Courthouse Plaza Southwest
Dayton, OH 45402
513–224–6000
CEO: Peter H Forster
Electric utilities-Midwest
Natural gas-distributor

Deere
John Deere Road
Moline, IL 61265
309–752–8000
CEO: Robert A Hanson
Heavy equipment-agricultural

Delmarva Power & Light
PO Box 231
Wilmington, DE 19899
302–429–3011
CEO: Nevius M Curtis
Electric utilities-Northeast

Delta Air Lines
Atlanta Airport
Atlanta, GA 30320
404–765–2600
CEO: David C Garrett Jr
Air transport-passenger

Deluxe Check Printers
PO Box 64399
St Paul, MN 55164–0399
612–483–7111
CEO: Eugene R Olson
Communications media-publishing

Deposit Guaranty
PO Box 1200
Jackson, MS 39205
601–354–8564
CEO: Emerson B Robinson Jr
Banks and thrifts-Midwest

Detroit Edison
2000 Second Avenue
Detroit, MI 48226
313–237–8000
CEO: Walter J McCarthy Jr
Electric utilities-Midwest

Diamond Shamrock
717 North Harwood Street
Dallas, TX 75201
214–922–2000
CEO: William H Bricker
Oil-other oil and gas

Digital Equipment
111 Powdermill Road
Maynard, MA 01754
617–493–5111
CEO: Kenneth H Olsen
Computers & electronics-computers

Dillard Department Stores
PO Box 486
Little Rock, AR 72201
501–376–5200
CEO: William T Dillard Sr
Retailing-department stores

Walt Disney
500 South Buena Vista Street
Burbank, CA 91521
818–840–1000
CEO: Michael D Eisner
Leisure & recreation-entertainment

Dominion Bankshares
PO Box 13327
Roanoke, VA 24040
703–563–7000
CEO: Warner N Dalhouse
Banks and thrifts-Mid-Atlantic

Dominion Resources
PO Box 26532
Richmond, VA 23261
804–771–3000
CEO: William W Berry
Electric utilities-Southeast

RR Donnelley & Sons
2223 Martin Luther King Drive
Chicago, IL 60616
312–326–8000
CEO: John B Schwemm
Communications media-publishing

Dover
277 Park Avenue
New York, NY 10172
212–826–7160
CEO: Gary L Roubos
Diversified companies-multicompany
Construction-commercial building

Dow Chemical
2030 Willard H Dow Center
Midland, MI 48674
517–636–1000
CEO: Paul F Oreffice
Diversified chemicals

Dow Jones
200 Liberty Street
New York, NY 10281
212–416–2000
CEO: Warren H Phillips
Communications media-publishing

Downey Savings & Loan Assn
PO Box 6000
Costa Mesa, CA 92626
714–549–8811
CEO: Gerald H McQuarrie
Banks and thrifts-thrift

Dresser Industries
PO Box 718
Dallas, TX 75221
214–740–6000
CEO: John J Murphy
Oil-oilfield services

Dreyfus
767 Fifth Avenue
New York, NY 10153
212–715–6000
CEO: Howard Stein
Financial svcs-lending, leasing & ins

El du Pont de Nemours
1007 Market Street
Wilmington, DE 19898
302–774–1000
CEO: Edward G Jefferson
Oil-international
Diversified chemicals

Duke Power
PO Box 33189
Charlotte, NC 28242
704–373–4011
CEO: William S Lee
Electric utilities-Southeast

Dun & Bradstreet
299 Park Avenue
New York, NY 10171
212–593–6800
CEO: Charles W Moritz
Communications media-publishing
Communications media-media services

Duquesne Light
One Oxford Centre
Pittsburgh, PA 15279
412–393–6000
CEO: Wesley W von Schack
Electric utilities-Midwest

E-Systems
PO Box 660248
Dallas, TX 75266–0248
214–661–1000
CEO: John W Dixon
Aerospace and defense

Eastern Air Lines
Miami International Airport
Miami, FL 33148
305–873–2211
CEO: Frank Borman
Air transport-passenger

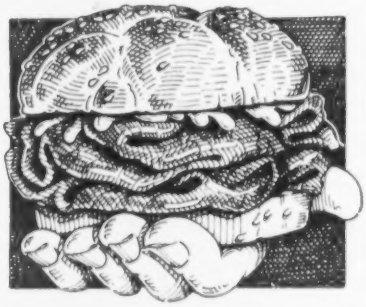
Eastern Gas & Fuel Associates
One Beacon Street
Boston, MA 02108
617–742–9200
CEO: William J Pruyn
Natural gas-distributor
Coal

Eastman Kodak
343 State Street
Rochester, NY 14650
716–724–4000
CEO: Colby H Chandler
Leisure & recreation-photography

Eaton
Eaton Center
Cleveland, OH 44114
216–523–5000
CEO: James R Stover
Computers & electronics-electronic equip
Automotive-automotive parts

Jack Eckerd
PO Box 4689
Clearwater, FL 33518
813–397–7461
CEO: Stewart Turley
Retailing-drugstores

ARBY'S IS ON A ROLL.



At Arby's, the world's largest roast beef restaurant chain, a new franchise opens every 48 hours. If you've got what it takes to keep up with this pace—plus at least $100,000 in liquid assets and $250,000 net worth—talk to us. Write: Franchising Department, Arby's Inc., Ten Piedmont Center, Atlanta, Ga. 30305. Or call 1-800-554-1388 (404-262-2729 in Georgia, Hawaii and Alaska). And get a bite of the action.

Arby's®

Don't get trapped by lower CD rates.

If you've been tempted to nibble at the new CDs that banks are offering, take a closer look at the bait: lower interest rates than you've seen in years. So before you're lured into a bank CD, consider an investment in Twentieth Century U.S. Governments—a mutual fund for people who want both high current income* and the kind of safety that comes from investing only in securities of the U.S. government and its agencies. Don't get trapped by a low-yield CD. Make your escape now, with U.S. Governments.

Want to know more? *For complete information about U.S. Governments and our six other funds, write or call for a free prospectus. Please read the prospectus carefully before investing.*

No-Load, No-Minimum Mutual Funds

Please send a free prospectus to:

Name _____

Address _____

City _____

State _____ Zip _____

TWENTIETH CENTURY INVESTORS

FBS860428

P.O. Box 200, Kansas City, Mo. 64141 (816) 531-5575

*Share price and yield fluctuate and are not guaranteed. Past results do not predict future performance.

FBS860428

Where to find The Forbes 500s

EG&G
45 William Street
Wellesley, MA 02181
617–237–5100
CEO: Dean W Freed
Aerospace and defense
Computers & electronics-electronic equip

El Paso Electric
PO Box 982
El Paso, TX 79960
915–543–5711
CEO: Evern R Wall
Electric utilities-Southwest

Emerson Electric
8000 West Florissant Avenue
St Louis, MO 63136
314–553–2000
CEO: Charles F Knight
Electrical equipment
Consumer products-appliances

Emhart
PO Box 2730
Hartford, CT 06101
203–678–3000
CEO: Peter L Scott
Heavy equipment-industrial

Engelhard
Menlo Park CN–40
Edison, NJ 08818
201–632–6000
CEO: Orin R Smith
Metals-nonferrous metals
Specialized chemicals

Enserch
300 South St Paul Street
Dallas, TX 75201
214–651–8700
CEO: William C McCord
Natural gas-integrated
Construction-commercial building

Entex
PO Box 2628
Houston, TX 77252–2628
713–654–5100
CEO: Jackson C Hinds
Natural gas-distributor

Equitable Bancorporation
100 South Charles Street
Baltimore, MD 21201
301–547–4000
CEO: H Grant Hathaway
Banks and thrifts-Mid-Atlantic

Equitable Resources
420 Boulevard of the Allies
Pittsburgh, PA 15219
412–471–7600
CEO: Donald I Moritz
Natural gas-distributor

Ethyl
PO Box 2189
Richmond, VA 23217
804–788–5000
CEO: Floyd D Gottwald Jr
Specialized chemicals

Ex-Cell-O
2855 Coolidge Highway
Troy, MI 48084
313–637–1000
CEO: E Paul Casey
Aerospace and defense/Heavy equipment-industrial/Automotive-automotive parts

Exxon
1251 Avenue of the Americas
New York, NY 10020–1198
212–333–1000
CEO: Clifton C Garvin Jr
Oil-international

Far West Financial
4001 MacArthur Boulevard
Newport Beach, CA 92660
714–833–8585
CEO: David E Blackford
Banks and thrifts-thrift

Farm & Home Savings Assn
PO Box 1893
Nevada, MO 64772
417–667–3333
CEO: C A Duncan Jr
Banks and thrifts-thrift

Farmers Group
4680 Wilshire Boulevard
Los Angeles, CA 90010
213–932–3200
CEO: Richard G Lindsley
Insurance-diversified

Federal Express
PO Box 727
Memphis, TN 38194–1711
901–369–3600
CEO: Frederick W Smith
Air transport-freight

Federal National Mortgage Assn
3900 Wisconsin Avenue NW
Washington, DC 20016
202–537–7000
CEO: David O Maxwell
Financial svcs-lending, leasing & ins

Federated Department Stores
7 West Seventh Street
Cincinnati, OH 45202
513–579–7000
CEO: Howard Goldfeder
Retailing-department stores

Fidelcor
Broad & Walnut Streets
Philadelphia, PA 19109
215–985–6000
CEO: Harold W Pote
Banks and thrifts-Mid-Atlantic

Fifth Third Bancorp
38 Fountain Square Plaza
Cincinnati, OH 45263
513–579–5300
CEO: Clement L Buenger
Banks and thrifts-Midwest

Financial Corp of America
PO Box 19689
Irvine, CA 92713–9689
714–553–6900
CEO: William J Popejoy
Banks and thrifts-thrift

Financial Corp of Santa Barbara
PO Box 1109
Santa Barbara, CA 93102
805–682–2300
CEO: Philip R Brinkerhoff
Banks and thrifts-thrift

Fireman's Fund
777 San Marin Drive
Novato, CA 94998
415–899–2000
CEO: John J Byrne
Insurance-property and casualty

Firestone Tire & Rubber
1200 Firestone Parkway
Akron, OH 44317
216–379–7000
CEO: John J Nevin
Automotive-tire and rubber

First Alabama Bancshares
PO Box 1448
Montgomery, AL 36102
205–832–8011
CEO: Willard L Hurley
Banks and thrifts-Southeast

First American
First American Center
Nashville, TN 37237
615–748–2100
CEO: Kenneth L Roberts
Banks and thrifts-Southeast

First Bancorporation of Ohio
106 South Main Street
Akron, OH 44308
216–384–8000
CEO: Howard L Flood
Banks and thrifts-Midwest

First Bank System
PO Box 522
Minneapolis, MN 55480
612–370–5100
CEO: Dewalt H Ankey Jr
Banks and thrifts-Midwest

First Boston
Park Avenue Plaza
New York, NY 10055
212–909–2000
CEO: Peter T Buchanan
Financial services-securities brokerage

First Capital
PO Box 291
Jackson, MS 39205
601–354–5111
CEO: Frank R Day
Banks and thrifts-Southeast

Where to find The Forbes 500s

First Chicago
One First National Plaza
Chicago, IL 60670
312–732–4000
CEO: Barry F Sullivan
Banks and thrifts-multinational

First Citizens
PO Box 151
Raleigh, NC 27602
919–755–7000
CEO: Lewis R Holding
Banks and thrifts-Southeast

First City Bancorporation of Texas
PO Box 2387
Houston, TX 77252
713–658–6011
CEO: James A Elkins Jr
Banks and thrifts-Southwest

First Columbia Financial
PO Box 17127
Englewood, CO 80217–0127
303–773–3444
CEO: Bob R Baker
Banks and thrifts-thrift

First Commerce
PO Box 60279
New Orleans, LA 70160
504–561–1371
CEO: Ian Arnof
Banks and thrifts-Southeast

First Empire State
One M&T Plaza
Buffalo, NY 14240
716–842–5445
CEO: Robert G Wilmers
Banks and thrifts-Northeast

First Executive
PO Box 6090
Inglewood, CA 90312–6090
213–312–1000
CEO: Fred Carr
Insurance-life and health

First Federal of Michigan
1001 Woodward Avenue
Detroit, MI 48226
313–965–1400
CEO: James A Aliber
Banks and thrifts-thrift

First Fidelity Bancorp
(formerly First National State Bancorp)
550 Broad Street
Newark, NJ 07192
201–565–3200
CEO: Robert R Ferguson Jr
Banks and thrifts-Northeast

First Florida Banks
111 Madison Street
Tampa, FL 33602
813–224–1455
CEO: A Bronson Thayer
Banks and thrifts-Southeast

First Hawaiian
PO Box 3200
Honolulu, HI 96847
808–525–7000
CEO: John D Bellinger
Banks and thrifts-West

First Interstate Bancorp
PO Box 54068
Los Angeles, CA 90054
213–614–3001
CEO: Joseph J Pinola
Banks and thrifts-West

First Jersey National
2 Montgomery Street
Jersey City, NJ 07302
201–547–7000
CEO: Thomas J Stanton Jr
Banks and thrifts-Northeast

First Kentucky National
PO Box 36000
Louisville, KY 40233
502–581–4200
CEO: A Stevens Miles
Banks and thrifts-Southeast

First Maryland Bancorp
25 South Charles Street
Baltimore, MD 21201
301–244–4000
CEO: Charles W Cole Jr
Banks and thrifts-Mid-Atlantic

First National Cincinnati
PO Box 1038
Cincinnati, OH 45201
513–632–4000
CEO: Oliver W Waddell
Banks and thrifts-Midwest

First of America Bank
108 East Michigan Avenue
Kalamazoo, MI 49007
616–383–9000
CEO: Daniel R Smith
Banks and thrifts-Midwest

First Pennsylvania
Centre Square Building
Philadelphia, PA 19101
215–786–5000
CEO: George A Butler
Banks and thrifts-Mid-Atlantic

First Railroad & Banking Co of Georgia
PO Box 2162
Augusta, GA 30913
404–823–2753
CEO: Charles B Presley
Banks and thrifts-Southeast

First Security
PO Box 30006
Salt Lake City, UT 84130
801–350–6000
CEO: Spencer F Eccles
Banks and thrifts-West

First Tennessee National
165 Madison Avenue
Memphis, TN 38103
901–523–4444
CEO: Ronald Terry
Banks and thrifts-Southeast

First Union
First Union Plaza
Charlotte, NC 28288
704–374–6565
CEO: Edward E Crutchfield Jr
Banks and thrifts-Southeast

First Virginia Banks
6400 Arlington Boulevard
Falls Church, VA 22046
703–241–4000
CEO: Robert H Zalokar
Banks and thrifts-Mid-Atlantic

First Wachovia
PO Box 3099
Winston–Salem, NC 27150
919–770–5000
CEO: John G Medlin Jr
Banks and thrifts-Southeast

First Wisconsin
PO Box 532
Milwaukee, WI 53201
414–765–4321
CEO: Hal C Kuehl
Banks and thrifts-Midwest

FirsTier
Farnam at Seventeenth
Omaha, NE 68102
402–348–6000
CEO: John D Woods
Banks and thrifts-Midwest

Fleet Financial Group
50 Kennedy Plaza
Providence, RI 02903
401–278–5800
CEO: J Terrence Murray
Banks and thrifts-Northeast

Fleming Cos
PO Box 26647
Oklahoma City, OK 73126–0647
405–840–7200
CEO: Richard D Harrison
Food distributors-wholesaling

Florida Federal Savings & Loan Assn
PO Box 1509
St Petersburg, FL 33731
813–893–1131
CEO: Eric Stattin
Banks and thrifts-thrift

Florida National Banks of Florida
PO Box 689
Jacksonville, FL 32201
904–359–5020
CEO: John D Uible
Banks and thrifts-Southeast

Where to find The Forbes 500s

Florida Progress
270 First Avenue South
St Petersburg, FL 33701
813–895–1700
CEO: Andrew H Hines Jr
Electric utilities-Southeast

Fluor
3333 Michelson Drive
Irvine, CA 92730
714–975–2000
CEO: David S Tappan Jr
Construction-commercial building

FMC
200 East Randolph Drive
Chicago, IL 60601
312–861–6000
CEO: Robert H Malott
Diversified companies-multicompany
Diversified chemicals/Aerospace and defense

Food Lion
PO Box 1330
Salisbury, NC 28145–1330
704–633–8250
CEO: Tom Smith
Food distributors-regional supermarkets

Ford Motor
PO Box 1899
Dearborn, MI 48121
313–322–3000
CEO: Donald E. Peterson
Automotive-automobiles and trucks

Fort Howard Paper
PO Box 19130
Green Bay, WI 54307–9130
414–435–8821
CEO: Paul J Schierl
Paper
Packaging

Fourth Financial
PO Box 4
Wichita, KS 67201
316–261–4444
CEO: Jordan L Haines
Banks and thrifts-Midwest

FPL Group
PO Box 029100
Miami, FL 33102
305–863–2863
CEO: Marshall McDonald
Electric utilities-Southeast

Freeport-McMoRan
1615 Poydras Street
New Orleans, LA 70112
504–582–4000
CEO: James R Moffett
Specialized chemicals
Oil-other oil and gas

Fremont General
525 South Virgil Avenue
Los Angeles, CA 90020
213–483–0991
CEO: James A McIntyre
Insurance-property and casualty

Fruehauf
10900 Harper Avenue
Detroit, MI 48232
313–267–1000
CEO: Robert D Rowan
Automotive-automobiles and trucks

GAF
1361 Alps Road
Wayne, NJ 07470
201–628–3000
CEO: Samuel J Heyman
Construction-construction materials
Specialized chemicals

Gannett
PO Box 7858
Washington, DC 20044
703–284–6000
CEO: Allen H Neuharth
Communications media-publishing

GATX
120 South Riverside Plaza
Chicago, IL 60606–9990
312–621–6200
CEO: James J Glasser
Surface transportation-railroads

Geico
Geico Plaza
Washington, DC 20076
301–986–3000
CEO: William B Snyder
Insurance-property and casualty

Gelco
One Gelco Drive
Eden Prairie, MN 55344
612–828–1000
CEO: N Bud Grossman
Services-industrial

GenCorp
175 Ghent Road
Akron, OH 44313
216–798–3000
CEO: A William Reynolds
Automotive-tire and rubber
Aerospace and defense

Genentech
460 Point San Bruno Boulevard
South San Francisco, CA 94080
415–266–1000
CEO: Robert A Swanson
Health-drugs

General Cinema
27 Boylston Street
Chestnut Hill, MA 02167
617–232–8200
CEO: Richard A Smith
Beverages & tobacco-soft drinks
Leisure & recreation-entertainment

General Dynamics
Pierre Laclede Center
St Louis, MO 63105
314–889–8200
CEO: Stanley C Pace
Aerospace and defense

General Electric
3135 Easton Turnpike
Fairfield, CT 06431
203–373–2211
CEO: John F Welch Jr
Diversified companies-multicompany/Electrical equipment/Consumer products-appliances

General Mills
PO Box 1113
Minneapolis, MN 55440
612–540–2311
CEO: H Brewster Atwater Jr
Food processor-branded foods
Food distributors-restaurant chains

General Motors
3044 West Grand Boulevard
Detroit, MI 48202
313–556–5000
CEO: Roger B Smith
Automotive-automobiles and trucks

General Public Utilities
100 Interpace Parkway
Parsippany, NJ 07054–1149
201–263–6500
CEO: William G Kuhns
Electric utilities-Northeast

General Re
PO Box 10351
Stamford, CT 06904–2351
203–328–5000
CEO: Frank W Munson
Insurance-diversified

General Signal
PO Box 10010
Stamford, CT 06904
203–357–8800
CEO: David T Kimball
Computers & electronics-electronic equip/Electrical equipment/Heavy equipment-industrial

Genuine Parts
2999 Circle 75 Parkway
Atlanta, GA 30339
404–953–1700
CEO: Wilton Looney
Retailing-miscellaneous

Georgia Federal Bank FSB
20 Marietta Street NW
Atlanta, GA 30303
404–588–2600
CEO: John B Zellars
Banks and thrifts-thrift

Georgia-Pacific
133 Peachtree Street NE
Atlanta, GA 30303
404–521–4000
CEO: T Marshall Hahn Jr
Construction-lumber
Paper

Gerber Products
445 State Street
Fremont, MI 49412
616–928–2000
CEO: William L McKinley
Food processor-branded foods

Where to find The Forbes 500s

Giant Food
PO Box 1804
Washington, DC 20013
301–341–4100
CEO: Israel Cohen
Food distributors-regional supermarkets

Gibraltar Financial
9111 Wilshire Boulevard
Beverly Hills, CA 90210
213–278–8720
CEO: Herbert J Young
Banks and thrifts-thrift

Gillette
Prudential Tower Building
Boston, MA 02199
617–421–7000
CEO: Colman M Mockler Jr
Consumer products-personal products

GlenFed (formerly Glendale Federal S&L)
PO Box 1709
Glendale, CA 91209
818–500–2000
CEO: Raymond D Edwards
Banks and thrifts-thrift

Golden West Financial
1901 Harrison Street
Oakland, CA 94612
415–446–6000
CEO: Herbert M Sandler
Banks and thrifts-thrift

BF Goodrich
500 South Main Street
Akron, OH 44318
216–374–2000
CEO: John D Ong
Automotive-tire and rubber
Specialized chemicals

Goodyear Tire & Rubber
1144 East Market Street
Akron, OH 44316–0001
216–796–2121
CEO: Robert E Mercer
Automotive-tire and rubber

Gould
10 Gould Center
Rolling Meadows, IL 60008
312–640–4000
CEO: William T Ylvisaker
Computers & electronics-electronics
Computers/Aerospace and defense

WR Grace
1114 Avenue of the Americas
New York, NY 10036–7794
212–819–5500
CEO: J Peter Grace
Diversified companies-conglomerate
Specialized chemicals

WW Grainger
5500 West Howard Street
Skokie, IL 60077
312–982–9000
CEO: David W Grainger
Electrical equipment

Great American First Savings Bank
600 B Street
San Diego, CA 92183
619–231–1885
CEO: Gordon C Luce
Banks and thrifts-thrift

Great Atlantic & Pacific Tea
2 Paragon Drive
Montvale, NJ 07645
201–573–9700
CEO: James Wood
Food distributors-major supermarkets

Great Lakes Federal Savings & Loan
PO Box 8600
Ann Arbor, MI 48107
313–769–8300
CEO: Roy E Weber
Banks and thrifts-thrift

Great Northern Nekoosa
PO Box 9309
Stamford, CT 06904
203–359–4000
CEO: William R Laidig
Paper

Great Western Financial
8484 Wilshire Boulevard
Beverly Hills, CA 90211
213–852–3411
CEO: James F Montgomery
Banks and thrifts-thrift

Greyhound
Greyhound Tower
Phoenix, AZ 85077
602–248–4000
CEO: John W Teets
Surface transport-shipping & other

Grumman
1111 Stewart Avenue
Bethpage, NY 11714
516–575–0574
CEO: John C Bierwirth
Aerospace and defense

GTE
One Stamford Forum
Stamford, CT 06904
203–965–2000
CEO: Theodore F Brophy
Telecommunications-carrier

Guarantee Financial Corp of California
1177 Fulton Mall
Fresno, CA 93721
209–268–8111
CEO: Lewis S Eaton
Banks and thrifts-thrift

Gulf & Western Industries
One Gulf & Western Plaza
New York, NY 10023
212–333–7000
CEO: Martin S Davis
Finl svcs-lending, leasing, ins/Leisure & rec-entertain/Communications media-publishing

Gulf States Utilities
PO Box 2951
Beaumont, TX 77704
409–838–6631
CEO: Dr Paul W Murrill
Electric utilities-Southwest

Halliburton
2600 Southland Center
Dallas, TX 75201
214–978–2600
CEO: Thomas H Cruikshank
Oil-oilfield services
Construction-commercial building

Hammermill Paper
PO Box 10050
Erie, PA 16533
814–456–8811
CEO: W Craig McClelland
Paper

Harcourt Brace Jovanovich
Orlando, FL 32887
305–345–2000
CEO: William Jovanovich
Communications media-publishing
Insurance-life and health

Harris Corp
1025 West NASA Boulevard
Melbourne, FL 32919
305–727–9100
CEO: John T Hartley
Computers & electronics-computers
Aerospace and defense

Harsco
PO Box 8888
Camp Hill, PA 17011–8888
717–763–7064
CEO: Jeffrey J Burdge
Diversified companies-multicompany
Aerospace and defense

Hartford National
777 Main Street
Hartford, CT 06115
203–728–2000
CEO: Robert L Newell
Banks and thrifts-Northeast

Hasbro (formerly Hasbro-Bradley)
PO Box 1059
Pawtucket, RI 02862–1059
401–727–5000
CEO: Stephen D Hassenfeld
Leisure & recreation-toys & electronics

HJ Heinz
PO Box 57
Pittsburgh, PA 15230–0057
412–456–5700
CEO: Anthony J F O'Reilly
Food processor-branded foods

Hercules
Hercules Plaza
Wilmington, DE 19894
302–594–5000
CEO: Alexander F Giacco
Diversified chemicals
Aerospace and defense

Where to find The Forbes 500s

Hershey Foods
100 Mansion Road East
Hershey, PA 17033–0810
717–534–4000
CEO: Richard A Zimmerman
Food processor-branded foods

Hewlett-Packard
3000 Hanover Street
Palo Alto, CA 94304
415–857–1501
CEO: John A Young
Computers & electronics-computers
Computers & electronics-electronic equip

Hibernia
PO Box 61540
New Orleans, LA 70161
504–586–5552
CEO: Martin C Miler
Banks and thrifts-Southeast

Hilton Hotels
9336 Santa Monica Boulevard
Beverly Hills, CA 90210
213–278–4321
CEO: Barron Hilton
Leisure & recreation-hotels and gaming

Holiday Corp
1023 Cherry Road
Memphis, TN 38195
901–762–8600
CEO: Michael D Rose
Leisure & recreation-hotels and gaming

Home Federal Savings & Loan
707 Broadway
San Diego, CA 92101
619–699–8000
CEO: Kim Fletcher
Banks and thrifts-thrift

Home Group
59 Maiden Lane
New York, NY 10038
212–530–7300
CEO: George T Scharffenberger
Insurance-property and casualty

Homestake Mining
650 California Street
San Francisco, CA 94108
415–981–8150
CEO: Harry M Conger
Metals-nonferrous metals

Honeywell
PO Box 524
Minneapolis, MN 55440
612–870–5200
CEO: Edson W Spencer
Electronic equipment/Computers
Aerospace & defense

Horizon Bancorp
225 South Street
Morristown, NJ 07960
201–539–7700
CEO: William J Shepherd
Banks and thrifts-Northeast

George A Hormel
PO Box 800
Austin, MN 55912
507–437–5611
CEO: Richard L Knowlton
Food processor-meatpacking

Hospital Corp of America
PO Box 550
Nashville, TN 37202–0550
615–327–9551
CEO: Dr Thomas F Frist Jr
Health-hospital management

Household International
2700 Sanders Road
Prospect Heights, IL 60070
312–564–5000
CEO: Donald C Clark
Financial svcs-lending, leasing & ins

Houston Industries
PO Box 4505
Houston, TX 77210
713–228–2474
CEO: Don D Jordàn
Electric utilities-Southwest

Howard Savings Bank
200 South Orange Avenue
Livingston, NJ 07039
201–533–7400
CEO: Donald F McCormick
Banks and thrifts-thrift

Hughes Tool
6500 Texas Commerce Tower
Houston, TX 77002
713–222–0686
CEO: William A Kistler Jr
Oil-oilfield services

Humana
PO Box 1438
Louisville, KY 40201
502–580–1000
CEO: David A Jones
Health-hospital management

Huntington Bancshares
41 South High Street
Columbus, OH 43287
614–476–8300
CEO: Frank Wobst
Banks and thrifts-Midwest

EF Hutton Group
One Battery Park Plaza
New York, NY 10004
212–742–5000
CEO: Robert Fomon
Financial services-securities brokerage

IC Industries
111 East Wacker Drive
Chicago, IL 60601
312–565–3000
CEO: William B Johnson
Diversified cos-conglomerate/Food processor-branded foods/Surface transport-railroads

ICH
4211 Norbourne Boulevard
Louisville, KY 40207
502–897–1861
CEO: Robert T Shaw
Insurance-life and health

Idaho Power
PO Box 70
Boise, ID 83707
208–383–2200
CEO: Robert J O'Connor
Electric utilities-West

Illinois Power
500 South 27th Street
Decatur, IL 62525
217–424–6600
CEO: Wendell J Kelley
Electric utilities-Midwest
Natural gas-distributor

Illinois Tool Works
8501 West Higgins Road
Chicago, IL 60631–2887
312–693–3040
CEO: John D Nichols
Heavy equipment-industrial

Imperial Corp of America
8787 Complex Drive
San Diego, CA 92123
619–292–3900
CEO: Kenneth J Thygerson
Banks and thrifts-thrift

Indiana National
One Indiana Square
Indianapolis, IN 46266
317–266–6000
CEO: Thomas M Miller
Banks and thrifts-Midwest

Ingersoll-Rand
200 Chestnut Ridge Road
Woodcliff Lake, NJ 07675
201–573–0123
CEO: Thomas A Holmes
Heavy equipment-industrial

Inland Steel
30 West Monroe Street
Chicago, IL 60603
312–346–0300
CEO: Frank W Luerssen
Metals-steel

Intel
3065 Bowers Avenue
Santa Clara, CA 95051
408–987–8080
CEO: Gordon E Moore
Computers & electronics-semiconductors

Interco
PO Box 8777
St Louis, MO 63102
314–231–1100
CEO: Harvey Saligman
Diversified companies-multicompany
Apparel & textile manufacturer-apparel

Where to find The Forbes 500s

InterFirst
PO Box 83000
Dallas, TX 75283–1000
214–977–3333
CEO: Robert H Stewart III
Banks and thrifts-Southwest

Intergraph
One Madison Industrial Park
Huntsville, AL 35807–4201
205–772–2000
CEO: James W Meadlock
Computers & electronics-computers

International Business Machines
Old Orchard Road
Armonk, NY 10504
914–765–1900
CEO: John F Akers
Computers & electronics-computers

International Flavors & Fragrances
521 West 57th Street
New York, NY 10019
212–765–5500
CEO: Eugene P Grisanti
Specialized chemicals

International Minerals & Chemical
2315 Sanders Road
Northbrook, IL 60062
312–564–8600
CEO: George D Kennedy
Specialized chemicals

International Multifoods
Box 2942
Minneapolis, MN 55402
612–340–3300
CEO: Andre Gillet
Food processor-commodities
Food processor-branded foods

International Paper
77 West 45th Street
New York, NY 10036
212–536–6000
CEO: John A Georges
Packaging
Paper

InterNorth
2600 Dodge Street
Omaha, NE 68131
402–633–4000
CEO: Kenneth L Lay
Natural gas-integrated

Iowa-Illinois Gas & Electric
206 East Second Street
Davenport, IA 52803
319–326–7273
CEO: Barry C O'Brien
Natural gas-distributor
Electric utilities-Midwest

Ipalco Enterprises
PO Box 1595B
Indianapolis, IN 46206
317–261–8261
CEO: Zane G Todd
Electric utilities-Midwest

Irving Bank
One Wall Street
New York, NY 10005
212–635–1111
CEO: Joseph A Rice
Banks and thrifts-multinational

ITT
320 Park Avenue
New York, NY 10022
212–752–6000
CEO: Rand V Araskog
Multicompany/Telecommunications-manufacturer/Insurance-diversified

IU International
1105 North Market Street
Wilmington, DE 19801
302–571–5000
CEO: John Gilray Christy
Diversified companies-multicompany
Surface transport-trucking & leasing

James River Corp of Virginia
PO Box 2218
Richmond, VA 23217
804–644–5411
CEO: Brenton S Halsey
Paper

Jefferson-Pilot
PO Box 21008
Greensboro, NC 27420
919–378–2011
CEO: W Roger Soles
Insurance-life and health

Jim Walter
PO Box 22601
Tampa, FL 33622
813–871–4811
CEO: Joe B Cordell
Diversified companies-multicompany
Construction-construction materials

Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, NJ 08933
201–524–0400
CEO: James E Burke
Consumer products-personal products
Health-health care

Johnson Controls
PO Box 591
Milwaukee, WI 53201
414–228–1200
CEO: Fred L Brengel
Services-industrial
Automotive-automotive parts

K mart
3100 West Big Beaver Road
Troy, MI 48084
313–643–1000
CEO: Bernard M Fauber
Retailing-discount & variety stores

Kaiser Aluminum & Chemical
300 Lakeside Drive
Oakland, CA 94643
415–271–3300
CEO: Cornell C Maier
Metals-nonferrous metals

Kansas City Power & Light
1330 Baltimore Avenue
Kansas City, MO 64105
816–556–2200
CEO: Arthur J Doyle
Electric utilities-Midwest

Kansas Gas & Electric
PO Box 208
Wichita, KS 67201
316–261–6611
CEO: Wilson K Cadman
Electric utilities-Midwest

Kansas Power & Light
PO Box 889
Topeka, KS 66601
913–296–6300
CEO: William E Wall
Natural gas-distributor
Electric utilities-Midwest

Kellogg
PO Box 3599
Battle Creek, MI 49016–3599
616–961–2000
CEO: William E LaMothe
Food processor-branded foods

Kemper
Kemper Center
Long Grove, IL 60049
312–540–2527
CEO: Joseph E Luecke
Insurance-diversified

Kentucky Utilities
One Quality Street
Lexington, KY 40507
606–255–1461
CEO: William B Bechanan
Electric utilities-Southeast

Kerr-McGee
PO Box 25861
Oklahoma City, OK 73125
405–270–1313
CEO: Frank A McPherson
Oil-other oil and gas

KeyCorp (formerly Key Banks)
60 State Street
Albany, NY 12207
518–447–3500
CEO: Victor J Riley Jr
Banks and thrifts-Northeast

Kidde
Park 80 West Plaza 2
Saddle Brook, NJ 07662
201–368–9000
CEO: Fred R Sullivan
Diversified companies-conglomerate

Kimberly-Clark
PO Box 619100
Dallas, TX 75261–9100
214–830–1200
CEO: Darwin E Smith
Consumer products-personal products
Paper

Where to find The Forbes 500s

Knight-Ridder Newspapers
One Herald Plaza
Miami, FL 33101
305–376–3800
CEO: Alvah H Chapman Jr
Communications media-publishing

Koppers
Koppers Building
Pittsburgh, PA 15219
412–227–2000
CEO: Charles R Pullin
Specialized chemicals
Construction-construction materials

Kroger
1014 Vine Street
Cincinnati, OH 45201
513–762–4000
CEO: Lyle Everingham
Food distributors-major supermarkets

Lear Siegler
PO Box 2158
Santa Monica, CA 90406
213–452–5444
CEO: Robert T Campion
Diversified cos-conglomerate/Aerospace and defense/Automotive-automotive parts

Leaseway Transportation
3700 Park East Drive
Cleveland, OH 44122
216–464–3300
CEO: Gerald C McDonough
Surface transport-trucking & leasing

Libbey-Owens-Ford
PO Box 799
Toledo, OH 43695–0799
419–247–3731
CEO: Don T McKone
Heavy equipment-industrial
Automotive-automotive parts

Life Investors
4333 Edgewood Road NE
Cedar Rapids, IA 52499
319–398–8511
CEO: Robert D Ray
Insurance-life and health

Eli Lilly
Lilly Corporate Center
Indianapolis, IN 46285
317–261–2000
CEO: Richard D Wood
Health-drugs

Limited
PO Box 16528
Columbus, OH 43216
614–475–4000
CEO: Leslie H Wexner
Retailing-apparel

LIN Broadcasting
1370 Avenue of the Americas
New York, NY 10019
212–765–1902
CEO: Donald A Pels
Communications media-broadcasting

Lincoln National
PO Box 1110
Fort Wayne, IN 46801
219–427–2000
CEO: Ian M Rolland
Insurance-diversified

Litton Industries
360 North Crescent Drive
Beverly Hills, CA 90210–9990
213–859–5000
CEO: Fred W O'Green
Diversified cos-conglomerate/Aerospace and defense/Heavy equipment-industrial

Liz Claiborne
1441 Broadway
New York, NY 10018
212–354–4900
CEO: Elisabeth C Ortenberg
Apparel & textile manufacturer-apparel

Lockheed
4500 Park Granada Boulevard
Calabasas, CA 91399
818–712–2000
CEO: Lawrence O Kitchen
Aerospace and defense

Loews
666 Fifth Avenue
New York, NY 10103
212–841–1000
CEO: Laurence A Tisch
Insurance-diversified
Beverages & tobacco-tobacco

Long Island Lighting
175 East Old Country Road
Hicksville, NY 11801
516–933–4590
CEO: William J Catacosinos
Electric utilities-Northeast

Longs Drug Stores
PO Box 5222
Walnut Creek, CA 94596
415–937–1170
CEO: Robert M Long
Retailing-drugstores

Loral
600 Third Avenue
New York, NY 10016
212–697–1105
CEO: Bernard L Schwartz
Aerospace and defense

Louisiana Bancshares
PO Box 1511
Baton Rouge, LA 70821
504–389–4206
CEO: Charles W McCoy
Banks and thrifts-Southeast

Louisiana Land & Exploration
PO Box 60350
New Orleans, LA 70160
504–566–6500
CEO: Ernest L Williamson
Oil-other oil and gas

Louisiana-Pacific
111 Southwest Fifth Avenue
Portland, OR 97204
503–221–0800
CEO: Harry A Merlo
Construction-lumber

Louisville Gas & Electric
PO Box 32010
Louisville, KY 40232
502–566–4011
CEO: Robert L Royer
Electric utilities-Southeast
Natural gas-distributor

Lowe's Cos
Box 1111
North Wilkesboro, NC 28656–0001
919–651–4000
CEO: Leonard G Herring
Retailing-miscellaneous

LTV
PO Box 225003
Dallas, TX 75265–5003
214–979–7711
CEO: Raymond A Hay
Metals-steel
Aerospace and defense

Lubrizol
29400 Lakeland Boulevard
Wickliffe, OH 44092
216–943–4200
CEO: Lester E Coleman
Specialized chemicals

Lucky Stores
PO Box BB
Dublin, CA 94568
415–833–6000
CEO: John M Lillie
Food distributors-major supermarkets
Retailing-department stores

Mack Trucks
PO Box M
Allentown, PA 18105–5000
215–439–3011
CEO: John B Curcio
Automotive-automobiles and trucks

Macmillan
866 Third Avenue
New York, NY 10022
212–702–2000
CEO: Edward P Evans
Communications media-publishing

RH Macy
151 West 34th Street
New York, NY 10001
212–560–3600
CEO: Edward S Finkelstein
Retailing-department stores

Manufacturers Hanover
270 Park Avenue
New York, NY 10017
212–286–6000
CEO: John F McGillicuddy
Banks and thrifts-multinational

Part of taking care of business is taking care of my high blood pressure.

In my job I take care of a lot of things. Meetings, presentations, and the needs of a string of clients. So I've got a responsible job. I've also got high blood pressure. And I'm just as responsible in taking care of it. I take my blood pressure pills, watch my weight and go very easy on the salt. I consider taking care of my high blood pressure part of my job. After all, how can I do well unless I take care of myself?

HIGH BLOOD PRESSURE
Treat it for life.

The National High Blood Pressure Education Program
The National Heart, Lung, and Blood Institute,
National Institutes of Health, Public Health Service,
U.S. Department of Health and Human Services

Where to find The Forbes 500s

Manufacturers National
Renaissance Center
Detroit, MI 48243
313–222–4000
CEO: Dean E Richardson
Banks and thrifts-Midwest

Manville
PO Box 5108
Denver, CO 80217
303–978–2000
CEO: John A McKinney
Construction-construction materials

Mapco
PO Box 645
Tulsa, OK 74101–0645
918–581–1800
CEO: James E Barnes
Oil-other oil and gas

Marine Corp
PO Box 481
Milwaukee, WI 53201
414–765–3000
CEO: George R Slater
Banks and thrifts-Midwest

Marine Midland Banks
140 Broadway
New York, NY 10015
212–440–1000
CEO: John R Petty
Banks and thrifts-Northeast

Marion Laboratories
PO Box 8480
Kansas City, MO 64114
816–966–4000
CEO: Fred W Lyons Jr
Health-drugs

Marriott
One Marriott Drive
Washington, DC 20058
301–897–9000
CEO: J Willard Marriott Jr
Leisure & recreation-hotels and gaming
Food distributors-wholesaling

Marsh & McLennan Cos
1221 Avenue of the Americas
New York, NY 10020
212–997–2000
CEO: Frank J Tasco
Insurance-brokerage

Marshall & Ilsley
770 North Water Street
Milwaukee, WI 53202
414–765–7801
CEO: John A Puelicher
Banks and thrifts-Midwest

Martin Marietta
6801 Rockledge Drive
Bethesda, MD 20817
301–897–6000
CEO: Thomas G Pownall
Aerospace and defense

Maryland National
10 Light Street
Baltimore, MD 21202
301–244–5000
CEO: Alan P Hoblitzell Jr
Banks and thrifts-Mid-Atlantic

Masco
21001 Van Born Road
Taylor, MI 48180
313–274–7400
CEO: Richard A Manoogian
Construction-construction materials

Mattel
5150 Rosecrans Avenue
Hawthorne, CA 90250
213–978–5150
CEO: Arthur S Spear
Leisure & recreation-toys & electronics

May Department Stores
611 Olive Street
St Louis, MO 63101
314–342–6300
CEO: David C Farrell
Retailing-department stores

Maytag
One Dependability Square
Newton, IA 50208
515–792–7000
CEO: Daniel J Krumm
Consumer products-appliances

MCA
100 Universal City Plaza
Universal City, CA 91608
818–777–1000
CEO: Lew R Wasserman
Leisure & recreation-entertainment

McDonald's
One McDonald's Plaza
Oak Brook, IL 60521
312–887–3500
CEO: Fred L Turner
Food distributors-restaurant chains

McDonnell Douglas
PO Box 516
St Louis, MO 63166
314–232–0232
CEO: Sanford N McDonnell
Aerospace and defense

McGraw-Hill
1221 Avenue of the Americas
New York, NY 10020
212–512–2000
CEO: Joseph L Dionne
Communications media-publishing

MCI Communications
1133 19th Street NW
Washington, DC 20036
202–872–1600
CEO: William G McGowan
Telecommunications-carrier

McKesson
One Post Street
San Francisco, CA 94104
415–983–8300
CEO: Neil E Harlan
Health-drugs
Beverages & tobacco-alcoholic beverages

MCorp
PO Box 225415
Dallas, TX 75265
214–698–5000
CEO: Gene H Bishop
Banks and thrifts-Southwest

Mead
Courthouse Plaza Northeast
Dayton, OH 45463
513–222–6323
CEO: Burnell R Roberts
Paper
Packaging

Mellon Bank
Mellon Bank Center
Pittsburgh, PA 15258
412–432–4100
CEO: J David Barnes
Banks and thrifts-Mid-Atlantic

Melville
3000 Westchester Avenue
Harrison, NY 10528
914–253–8000
CEO: Francis C Rooney Jr
Retailing-apparel
Retailing-shoe stores

MeraBank (formerly First Federal S&L)
3003 North Central Avenue
Phoenix, AZ 85012
602–968–5600
CEO: Gene E Rice
Banks and thrifts-thrift

Mercantile Bancorporation
PO Box 524
St Louis, MO 63166
314–425–2525
CEO: Donald E Lasater
Banks and thrifts-Midwest

Mercantile Bankshares
PO Box 1477
Baltimore, MD 21203
301–237–5900
CEO: H Furlong Baldwin
Banks and thrifts-Mid-Atlantic

Mercantile Stores
128 West 31st Street
New York, NY 10001
212–560–0500
CEO: Leon F Winbigler
Retailing-department stores

Merchants National
One Merchants Plaza
Indianapolis, IN 46255
317–267–7000
CEO: Otto N Frenzel III
Banks and thrifts-Midwest

Where does the Los Angeles Times go for the who, what, where & when of their phone bills?

The answer is Account-A-Call Corporation, the nation's leading telecommunications data processing firm. Account-A-Call gets the scoop on every Los Angeles Times call placed from its downtown headquarters and seven suburban zone locations. *That's more than 15,000 calls a day.*

Account-A-Call then reports its findings to the Times every month, with unmatched accuracy and adhering to the strictest deadlines. And we uncover our sources, revealing who at the Times made each call; where and when the call was placed; how long it took; and most important; how much the call cost the Times.

With complete objectivity, Account-A-Call's reports allocate the newspaper's costs by division, department, cost center and individual, enabling the Times to manage and control its telephone costs.

To find out more about how Account-A-Call Corporation can help manage and control your company's telephone costs, call: (818) 846-3340, or write: Account-A-Call Corporation, 4450 Lakeside Drive, Burbank, CA 91505.

Account-A-Call
CORPORATION

Where to find The Forbes 500s

Merck
PO Box 2000
Rahway, NJ 07065
201–574–4000
CEO: P Roy Vagelos
Health-drugs

Meridian Bancorp
PO Box 1102
Reading, PA 19603
215–320–2500
CEO: Samuel A McCullough
Banks and thrifts-Mid-Atlantic

Merrill Lynch
165 Broadway
New York, NY 10080
212–637–7455
CEO: William A Schreyer
Financial services-securities brokerage

Mesa Petroleum
PO Box 2009
Amarillo, TX 79189
806–378–1000
CEO: T Boone Pickens Jr
Oil-other oil and gas

Michigan National
PO Box 589
Bloomfield Hills, MI 48303
313–642–9001
CEO: Robert J Mylod
Banks and thrifts-Midwest

MidCon
PO Box 1207
Lombard, IL 60148
312–691–2500
CEO: Orval C Davis
Natural gas-producer and pipeliner

Middle South Utilities
PO Box 61005
New Orleans, LA 70161
504–529–5262
CEO: Edwin A Lupberger
Electric utilities-Southeast

Midlantic Banks
PO Box 600
Edison, NJ 08818
201–321–8000
CEO: Robert Van Buren
Banks and thrifts-Northeast

Minnesota Mining & Manufacturing
3M Center
St Paul, MN 51444–1000
612–733–1110
CEO: Allen Jacobson
Diversified companies-multicompany

Minnesota Power
30 West Superior Street
Duluth, MN 55802
218–722–2641
CEO: Jack F Rowe
Electric utilities-Midwest

Mobil
150 East 42nd Street
New York, NY 10017–5666
212–883–4242
CEO: Allen E Murray
Oil-international
Retailing-department stores

Monarch Capital
One Financial Plaza
Springfield, MA 01102–9002
413–781–3000
CEO: Gordon N Oakes Jr
Insurance-life and health

Monfort of Colorado
PO Box G
Greeley, CO 80632–0350
303–353–2311
CEO: Kenneth W Monfort
Food processor-meatpacking

Monsanto
800 North Lindbergh Boulevard
St Louis, MO 63167
314–694–1000
CEO: Richard J Mahoney
Diversified chemicals

Montana Power
40 East Broadway
Butte, MT 59701-9334
406–723–5421
CEO: W Paul Schmechel
Electric utilities-West
Natural gas-distributor

Moore Financial Group
PO Box 8247
Boise, ID 83733
208–383–7000
CEO: Fred C Humphreys
Banks and thrifts-West

JP Morgan
23 Wall Street
New York, NY 10015
212–483–2323
CEO: Lewis T Preston
Banks and thrifts-multinational

Morrison-Knudsen
PO Box 73
Boise, ID 83707
208–386–8000
CEO: William J Deasy
Construction-commercial building

Morton Thiokol
110 North Wacker Drive
Chicago, IL 60606–1560
312–807–2000
CEO: Charles S Locke
Specialized chemicals
Aerospace and defense

Motorola
1303 East Algonquin Road
Schaumburg, IL 60196
312–397–5000
CEO: Robert W Galvin
Telecommunications-manufacturer
Computers & electronics-semiconductors

Murphy Oil
200 Peach Street
El Dorado, AR 71730
501–862–6411
CEO: Robert J Sweeney
Oil-other oil and gas

Nalco Chemical
2901 Butterfield Road
Oak Brook, IL 60521
312–887–7500
CEO: Worley H Clark Jr
Specialized chemicals

Nash Finch
3381 Gorham Avenue
St Louis Park, MN 55426
612–929–0371
CEO: Harold B Finch Jr
Food distributors-wholesaling
Food distributors-regional supermarkets

National Bancshares Corp of Texas
PO Box 121
San Antonio, TX 78291
512–225–2511
CEO: Richard W Calvert
Banks and thrifts-Southwest

National City
1900 East Ninth Street
Cleveland, OH 44114–3484
216–575–2000
CEO: Julien L McCall
Banks and thrifts-Midwest

National Distillers & Chemical
99 Park Avenue
New York, NY 10016
212–949–5000
CEO: John Hoyt Stookey
Diversified chemicals
Oil-other oil and gas

National Gypsum
4500 Lincoln Plaza
Dallas, TX 75201
214–740–4500
CEO: John P Hayes
Construction-cement and gypsum
Construction-construction materials

National Intergroup
20 Stanwix Street
Pittsburgh, PA 15222
412–394–4100
CEO: Howard M Love
Metals-steel/Oil-other oil and gas
Health-drugs

National Medical Enterprises
11620 Wilshire Boulevard
Los Angeles, CA 90025
213–479–5526
CEO: Richard K Eamer
Health-hospital management

National Semiconductor
PO Box 58090
Santa Clara, CA 95052–8090
408–721–5000
CEO: Charles E Sporck
Computers & electronics-semiconductors

Where to find The Forbes 500s

National Service Industries
1180 Peachtree Street NE
Atlanta, GA 30309
404–892–2400
CEO: Erwin Zaban
Electrical equipment
Services-industrial

Navistar Intl (formerly International Harvester)
401 North Michigan Avenue
Chicago, IL 60611
312–836–2000
CEO: Donald D Lennox
Automotive-automobiles and trucks

NBD Bancorp
611 Woodward Avenue
Detroit, MI 48226
313–225–1000
CEO: Charles T Fisher III
Banks and thrifts-Midwest

NCNB
One NCNB Plaza
Charlotte, NC 28255
704–374–5000
CEO: Hugh L McColl Jr
Banks and thrifts-Southeast

NCR
1700 South Patterson Boulevard
Dayton, OH 45479
513–445–5000
CEO: Charles E Exley Jr
Computers & electronics-computers

New England Electric System
25 Research Drive
Westborough, MA 01582
617–366–9011
CEO: Samuel Huntington
Electric utilities-Northeast

New York State Electric & Gas
PO Box 287
Ithaca, NY 14851
607–729–2551
CEO: Wells P Allen Jr
Electric utilities-Northeast

New York Times
229 West 43rd Street
New York, NY 10036
212–556–1234
CEO: Arthur Ochs Sulzberger
Communications media-publishing

Newmont Mining
200 Park Avenue
New York, NY 10166
212–953–6900
CEO: Gordon R Parker
Metals-nonferrous metals

Niagara Mohawk Power
300 Erie Boulevard West
Syracuse, NY 13202
315–474–1511
CEO: John G Haehl Jr
Electric utilities-Northeast
Natural gas-distributor

Nicor
PO Box 200
Naperville, IL 60566–0200
312–242–4470
CEO: Richard G Cline
Natural gas-distributor

NL Industries
1230 Avenue of the Americas
New York, NY 10020
212–621–9400
CEO: Theodore C Rogers
Oil-oilfield services
Specialized chemicals

Nordstrom
1501 Fifth Avenue
Seattle, WA 98101
206–628–2111
CEO: Bruce A Nordstrom
Retailing-apparel

Norfolk Southern
One Commercial Place
Norfolk, VA 23510–2191
804–629–2600
CEO: Robert B Claytor
Surface transportation-railroads

Norstar Bancorp
1450 Western Avenue
Albany, NY 12203
518–447–4043
CEO: Peter D Kiernan
Banks and thrifts-Northeast

North American Philips
100 East 42nd Street
New York, NY 10017
212–697–3600
CEO: Cees Bruynes
Consumer products-appliances
Computers & electronics-electronic equip

Northeast Bancorp
PO Box 700
Stamford, CT 06904–0700
203–348–6211
CEO: Thomas F Richardson
Banks and thrifts-Northeast

Northeast Savings FA
50 State Street
Hartford, CT 06103
203–280–1000
CEO: Kent Dixon
Banks and thrifts-thrift

Northeast Utilities
PO Box 270
Hartford, CT 06141–0270
203–665–5000
CEO: William B Ellis
Electric utilities-Northeast

Northern Indiana Public Service
5265 Hohman Avenue
Hammond, IN 46320
219–853–5200
CEO: Edmund A Schroer
Electric utilities-Midwest
Natural gas-distributor

Northern States Power
414 Nicollet Mall
Minneapolis, MN 55401
612–330–5500
CEO: Donald W McCarthy
Electric utilities-Midwest
Natural gas-distributor

Northern Trust
50 South LaSalle Street
Chicago, IL 60675
312–630–6000
CEO: Weston R Christopherson
Banks and thrifts-Midwest

Northrop
1840 Century Park East
Los Angeles, CA 90067–2199
213–553–6262
CEO: Thomas V Jones
Aerospace and defense

Northwestern National Life Insurance
20 Washington Avenue South
Minneapolis, MN 55440
612–372–5432
CEO: John E Pearson
Insurance-life and health

Norwest
1200 Peavey Building
Minneapolis, MN 55479
612–372–8268
CEO: Lloyd P Johnson
Banks and thrifts-Midwest

Nucor
4425 Randolph Road
Charlotte, NC 28211
704–366–7000
CEO: F Kenneth Iverson
Metals-steel

NWA
Minneapolis/St Paul Airport
St Paul, MN 55111
612–726–2111
CEO: Steven G Rothmeir
Air transport-passenger

Nynex
335 Madison Avenue
New York, NY 10017
212–370–7400
CEO: Delbert C Staley
Telecommunications-carrier

Occidental Petroleum
10889 Wilshire Boulevard
Los Angeles, CA 90024
213–879–1700
CEO: Armand Hammer
Oil-international
Food processor-meatpacking

Ohio Edison
76 South Main Street
Akron, OH 44308
216–384–5100
CEO: Justin T Rogers Jr
Electric utilities-Midwest

Where to find The Forbes 500s

Oklahoma Gas & Electric
PO Box 321
Oklahoma City, OK 73101
405–272–3000
CEO: James G Harlow Jr
Electric utilities-Southwest

Old Kent Financial
One Vandenberg Center
Grand Rapids, MI 49503
616–774–5000
CEO: John C Canepa
Banks and thrifts-Midwest

Old Republic International
307 North Michigan Avenue
Chicago, IL 60601
312–346–8100
CEO: William R Stover
Insurance-diversified

Old Stone
180 South Main Street
Providence, RI 02903
401–278–2000
CEO: Theodore W Barnes
Banks and thrifts-Northeast

Olin
PO Box 1355
Stamford, CT 06904–1355
203–356–2000
CEO: John M Henske
Diversified companies-multicompany
Diversified chemicals

Owens-Corning Fiberglas
Fiberglas Tower
Toledo, OH 43659
419–248–8000
CEO: William W Boeschenstein
Construction-construction materials

Owens-Illinois
One SeaGate
Toledo, OH 43666
419–247–5000
CEO: Robert J Lanigan
Packaging

Paccar
PO Box 1518
Bellevue, WA 98009
206–455–7400
CEO: Charles M Pigott
Automotive-automobiles and trucks

Pacific First Financial
PO Box 1257
Tacoma, WA 98401
206–383–2511
CEO: James K Anderson
Banks and thrifts-thrift

Pacific Gas & Electric
77 Beale Street
San Francisco, CA 94106
415–781–4211
CEO: Richard A Clarke
Electric utilities-West
Natural gas-distributor

Pacific Lighting
810 South Flower Street
Los Angeles, CA 90017
213–689–3481
CEO: Paul A Miller
Natural gas-integrated

Pacific Resources
PO Box 3379
Honolulu, HI 96842
808–547–3111
CEO: Robert G Reed III
Oil-other oil and gas

Pacific Telesis Group
140 New Montgomery Street
San Francisco, CA 94105
415–882–8000
CEO: Donald E Guinn
Telecommunications-carrier

PacifiCorp
851 SW Sixth Avenue
Portland, OR 97204
503–243–1122
CEO: Don C Frisbee
Electric utilities-West

Paine Webber Group
1285 Avenue of the Americas
New York, NY 10019
212–713–2000
CEO: Donald B Marron
Financial services-securities brokerage

Pan Am
PO Box 7589
New York, NY 10249
212–880–1234
CEO: C Edward Acker
Air transport-passenger

Panhandle Eastern
PO Box 1642
Houston, TX 77251–1642
713–664–3401
CEO: Robert D Hunsucker
Natural gas-producer and pipeliner

Parker-Hannifin
17325 Euclid Avenue
Cleveland, OH 44112–1290
216–531–3000
CEO: Paul G Schloemer
Heavy equipment-industrial

Payless Cashways
PO Box 466
Kansas City, MO 64141–0466
816–234–6000
CEO: David Stanley
Retailing-miscellaneous

Penn Central
500 West Putnam Avenue
Greenwich, CT 06836
203–629–5000
CEO: Alfred W Martinelli
Diversified cos-conglomerate/Oil-other oil & gas/Computers & electronics-electronic equip

Pennbancorp
One Pennbank Center
Titusville, PA 16354
814–827–2751
CEO: William F Roemer
Banks and thrifts-Mid-Atlantic

JC Penney
1301 Avenue of the Americas
New York, NY 10019
212–957–4321
CEO: William R Howell
Retailing-department stores

Pennsylvania Power & Light
2 North Ninth Street
Allentown, PA 18101–1179
215–770–5151
CEO: Robert K Campbell
Electric utilities-Northeast

Pennzoil
PO Box 2967
Houston, TX 77252–2967
713–546–4000
CEO: J Hugh Liedtke
Oil-other oil and gas

Peoples Bancorporation
PO Box 720
Seattle, WA 98111
206–344–2300
CEO: Joshua Green III
Banks and thrifts-West

Peoples Energy
122 South Michigan Avenue
Chicago, IL 60603
312–431–4000
CEO: Eugene A Tracy
Natural gas-distributor

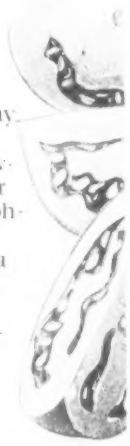
PepsiCo
700 Anderson Hill Road
Purchase, NY 10577
914–253–2000
CEO: Donald M Kendall
Beverages & tobacco-soft drinks
Food processor-branded foods

Perkin-Elmer
761 Main Avenue
Norwalk, CT 06859–0001
203–762–1000
CEO: Horace G McDonell Jr
Computers & electronics-electronic equip
Aerospace and defense

Perpetual American Bank
2034 Eisenhower Avenue
Alexandria, VA 22314
703–838–6000
CEO: Thomas J Owen
Banks and thrifts-thrift

Petrie Stores
70 Enterprise Avenue
Secaucus, NJ 07094
201–866–3600
CEO: Milton J Petrie
Retailing-apparel

A defense against cancer can be cooked up in your kitchen.



There is evidence that diet and cancer are related. Some foods may promote cancer, while others may protect you from it.

Foods related to lowering the risk of cancer of the larynx and esophagus all have high amounts of carotene, a form of Vitamin A which is in cantaloupes, peaches, broccoli, spinach, all dark green leafy vegetables, sweet potatoes, carrots, pumpkin, winter squash, and tomatoes, citrus fruits and brussels sprouts.

Foods that may help reduce the risk of gastrointestinal and respiratory tract cancer are cabbage, broccoli, brussels sprouts, kohlrabi, cauliflower.

Fruits, vegetables and whole-grain cereals such as oatmeal, bran and wheat may help lower the risk of colorectal cancer.

Foods high in fats, salt- or nitrite-cured foods such as ham, and fish and types of sausages smoked by traditional methods should be eaten in moderation.

Be moderate in consumption of alcohol also.

A good rule of thumb is cut down on fat and don't be fat. Weight reduction may lower cancer risk. Our 12-year study of nearly a million Americans uncovered high cancer risks particularly among people 40% or more overweight.

Now, more than ever, we know you can cook up your own defense against cancer. So eat healthy and be healthy.

No one faces cancer alone.

AMERICAN CANCER SOCIETY®

Where to find The Forbes 500s

Pfizer
235 East 42nd Street
New York, NY 10017
212–573–2323
CEO: Edmund T Pratt Jr
Health-drugs

Pittston
PO Box 8900
Greenwich, CT 06836–8900
203–622–0900
CEO: Paul W Douglas
Coal
Air transport-freight

PHH Group
11333 McCormick Road
Hunt Valley, MD 21031
301–667–4000
CEO: Jerome W Geckle
Services-office

PNC Financial
Fifth Avenue & Wood Street
Pittsburgh, PA 15222
412–355–2000
CEO: Thomas H O'Brien
Banks and thrifts-Mid-Atlantic

Phibro-Salomon
1221 Avenue of the Americas
New York, NY 10020
212–764–3700
CEO: John H Gutfreund
Financial services-commodity trading
Financial services-securities brokerage

Polaroid
549 Technology Square
Cambridge, MA 02139
617–577–2000
CEO: I MacAllister Booth
Leisure & recreation-photography

Philadelphia Electric
PO Box 8699
Philadelphia, PA 19101
215–841–4000
CEO: James L Everett
Electric utilities-Northeast

Portland General
121 Southwest Salmon Street
Portland, OR 97204
503–226–8333
CEO: Robert H Short
Electric utilities-West

Philip Morris Cos
120 Park Avenue
New York, NY 10017
212–880–5000
CEO: Hamish Maxwell
Beverages & tobacco-tobacco

Potomac Electric Power
1900 Pennsylvania Avenue NW
Washington, DC 20068
202–872–2000
CEO: W Reid Thompson
Electric utilities-Southeast

Phillips Petroleum
Phillips Building
Bartlesville, OK 74004
918–661–6600
CEO: C J Silas
Oil-international

PPG Industries
One PPG Place
Pittsburgh, PA 15272
412–434–3131
CEO: Vincent A Sarni
Automotive-automotive parts
Construction-construction materials

Piedmont Aviation
Smith Reynolds Airport
Winston–Salem, NC 27102
919–767–5100
CEO: William R Howard
Air transport-passenger

Premier Industrial
4500 Euclid Avenue
Cleveland, OH 44103
216–391–8300
CEO: Morton L Mandel
Computers & electronics-electronic equip

Pillsbury
Pillsbury Center
Minneapolis, MN 55402
612–330–4966
CEO: John M Stafford
Food processor-branded foods
Food distributors-restaurant chains

Price Co
PO Box 85466
San Diego, CA 92138
619–581–4600
CEO: Robert E Price
Retailing-miscellaneous

Pioneer Hi-Bred International
400 Locust Street
Des Moines, IA 50309
515–245–3500
CEO: Thomas N Urban
Food processor-commodities

Primark
8251 Greensboro Drive
McLean, VA 22102
703–790–7600
CEO: Robert W Stewart
Natural gas-distributor

Pitney Bowes
Walter H Wheeler Jr Drive
Stamford, CT 06926–0700
203–356–5000
CEO: George B Harvey
Computers & electronics-electronic equip

Prime Computer
Prime Park
Natick, MA 01760
617–655–8000
CEO: Joe M Henson
Computers & electronics-computers

Procter & Gamble
One Procter & Gamble Plaza
Cincinnati, OH 45202
513–983–1100
CEO: John G Smale
Consumer products-personal products
Consumer products-household products

Provident Life & Accident
Fountain Square
Chattanooga, TN 37402
615–755–1011
CEO: H Carey Hanlin
Insurance-life and health

PSFS (to become Meritor Financial Group)
12 South 12th Street
Philadelphia, PA 19107
215–636–6000
CEO: Frederick S Hammer
Banks and thrifts-thrift

Public Service Co of Colorado
PO Box 840
Denver, CO 80201–0840
303–571–7511
CEO: Richard F Walker
Electric utilities-West
Natural gas-distributor

Public Service Co of Indiana
1000 East Main Street
Plainfield, IN 46168
317–839–9611
CEO: Hugh A Barker
Electric utilities-Midwest

Public Service Co of New Hampshire
1000 Elm Street
Manchester, NH 03105
603–669–4000
CEO: Robert J Harrison
Electric utilities-Northeast

Public Service Co of New Mexico
Alvarado Square
Albuquerque, NM 87158
505–848–2700
CEO: Jerry D Geist
Electric utilities-Southwest
Natural gas-distributor

Public Service Electric & Gas
PO Box 570
Newark, NJ 07101
201–430–7000
CEO: Harold W Sonn
Electric utilities-Northeast
Natural gas-distributor

Puget Sound Power & Light
Puget Power Building
Bellevue, WA 98009
206–454–6363
CEO: John W Ellis
Electric utilities-West

Quaker Oats
Merchandise Mart Plaza
Chicago, IL 60654
312–222–7111
CEO: William D Smithburg
Food processor-branded foods

We are pleased to announce the formation of

Strategic Research International

with

Carl F. Adams, Managing Director

Joseph F. DeSantis, Director

Wolodar M. Lysko, Director

Orest Pokladok, Director

providing worldwide investment planning
tailored to the needs of
the sophisticated institutional investor

Carl Marks & Company, Inc.
Strategic Research International

77 Water Street, New York, N.Y. 10005
(212) 437-7033 (800) 835-5576

Where to find The Forbes 500s

Questar
PO Box 11150
Salt Lake City, UT 84147
801–534–5000
CEO: R D Cash
Natural gas-integrated

Rainier Bancorporation
PO Box 3966
Seattle, WA 98124
206–621–4111
CEO: G Robert Truex Jr
Banks and thrifts-West

Ralston Purina
Checkerboard Square
St Louis, MO 63164
314–982–1000
CEO: William P Stiritz
Food processor-branded foods

Raychem
300 Constitution Drive
Menlo Park, CA 94025–1164
415–361–3333
CEO: Paul M Cook
Electrical equipment

Raytheon
141 Spring Street
Lexington, MA 02173
617–862–6600
CEO: Thomas L Phillips
Conglomerate/Computers & electronics-electronic equip/Aerospace and defense

RCA
30 Rockefeller Plaza
New York, NY 10020
212–621–6000
CEO: Robert R Frederick
Multicompany/Communications media-broadcasting/Consumer prods-appliances

Republic Airlines
7500 Airline Drive
Minneapolis, MN 55450
612–726–7100
CEO: Stephen M Wolf
Air transport-passenger

Republic New York
452 Fifth Avenue
New York, NY 10018
212–930–6000
CEO: Walter H Weiner
Banks and thrifts-Northeast

RepublicBank
PO Box 222105
Dallas, TX 75222
214–922–5031
CEO: Gerald W. Fronterhouse
Banks and thrifts-Southwest

Revco DS
1925 Enterprise Parkway
Twinsburg, OH 44087
216–425–9811
CEO: Sidney Dworkin
Retailing-drugstores

Revlon Group (Formerly Pantry Pride)
555 SW 12th Avenue
Pompano Beach, FL 33069
305–785–4334
CEO: Ronald O Perelman
Retailing-drugstores

RJ Reynolds Industries
1100 Reynolds Boulevard
Winston–Salem, NC 27102
919–773–2000
CEO: J Tylee Wilson
Beverages & tobacco-tobacco
Food processor-branded foods

Reynolds Metals
6601 Broad Street Road
Richmond, VA 23261
804–281–2000
CEO: David P Reynolds
Metals-nonferrous metals

Riggs National
1503 Pennsylvania Avenue NW
Washington, DC 20005
202–835–6000
CEO: Joe L Allbritton
Banks and thrifts-Mid-Atlantic

Rite Aid
PO Box 3165
Harrisburg, PA 17105
717–761–2633
CEO: Alex Grass
Retailing-drugstores

Roadway Services
PO Box 88
Akron, OH 44309–0088
216–384–8184
CEO: Charles F Zodrow
Surface transport-trucking & leasing

AH Robins
PO Box 26609
Richmond, VA 23261–6609
804–257–2000
CEO: E Claiborne Robins Jr
Health-drugs

Rochester Gas & Electric
89 East Avenue
Rochester, NY 14649
716–546–2700
CEO: Paul W Briggs
Electric utilities-Northeast
Natural gas-distributor

Rockwell International
600 Grant Street
Pittsburgh, PA 15219
412–565–2000
CEO: Robert Anderson
Aerospace and defense
Automotive-automotive parts

Rohm & Haas
Independence Mall West
Philadelphia, PA 19105
215–592–3000
CEO: Vincent L Gregory Jr
Diversified chemicals

Rubbermaid
1147 Akron Road
Wooster, OH 44691
216–264–6464
CEO: Stanley C Gault
Consumer products-home furnishings

Ryder System
3600 Northwest 82nd Avenue
Miami, FL 33166
305–593–3726
CEO: M Anthony Burns
Surface transport-trucking & leasing

Safeco
Safeco Plaza
Seattle, WA 98185
206–545–5000
CEO: Bruce Maines
Insurance-diversified

Safeway Stores
201 Fourth Street
Oakland, CA 94660
415–891–3000
CEO: Peter A Magowan
Food distributors-major supermarkets

Saga
One Saga Lane
Menlo Park, CA 94025
415–854–5150
CEO: Charles A Lynch
Food distributors-wholesaling
Food distributors-restaurant chains

St Paul Cos
385 Washington Street
St Paul, MN 55102
612–221–7911
CEO: Robert J Haugh
Insurance-property and casualty

San Diego Gas & Electric
PO Box 1831
San Diego, CA 92112
619–696–2000
CEO: Thomas A Page
Electric utilities-West

Santa Fe Southern Pacific
224 South Michigan Avenue
Chicago, IL 60604
312–786–6000
CEO: John J Schmidt
Surface transportation-railroads

Sara Lee
Three First National Plaza
Chicago, IL 60602
312–726–2600
CEO: John H Bryan Jr
Food processor-branded foods

Scana
PO Box 764
Columbia, SC 29218
803–748–3000
CEO: John A Warren
Electric utilities-Southeast
Natural gas-distributor

Where to find The Forbes 500s

Schering-Plough
One Giralda Farms
Madison, NJ 07940–1000
201–822–7000
CEO: Robert P Luciano
Health-drugs
Consumer products-personal products

Scott Paper
Scott Plaza
Philadelphia, PA 19113
215–522–5000
CEO: Philip E Lippincott
Consumer products-personal products
Paper

Sea-Land
10 Parsonage Road
Edison, NJ 08817
201–632–2000
CEO: Joseph F Abely Jr
Surface transport-shipping & other

Sears, Roebuck
Sears Tower
Chicago, IL 60684
312–875–2500
CEO: Edward A Brennan
Retailing-department stores
Insurance-property and casualty

Security Pacific
333 South Hope Street
Los Angeles, CA 90071
213–613–6211
CEO: Richard J Flamson III
Banks and thrifts-West

Service Merchandise
PO Box 24600
Nashville, TN 37202
615–251–6666
CEO: Raymond Zimmerman
Retailing-catalog showrooms

Shared Medical Systems
51 Valley Stream Parkway
Malvern, PA 19355
215–296–6300
CEO: R James Macaleer
Health-hospital management

Shawmut
One Federal Street
Boston, MA 02211
617–292–2000
CEO: John P LaWare
Banks and thrifts-Northeast

Sherwin-Williams
101 Prospect Avenue NW
Cleveland, OH 44115
216–566–2000
CEO: John G Breen
Retailing-miscellaneous
Retailing-drugstores

Shoney's
PO Box 1260
Nashville, TN 37202
615–361–5201
CEO: J Mitchell Boyd
Food distributors-restaurant chains

Singer
PO Box 10151
Stamford, CT 06904–2151
203–356–4200
CEO: Joseph B Flavin
Aerospace and defense
Consumer products-appliances

SmithKline Beckman
PO Box 7929
Philadelphia, PA 19101
215–751–4000
CEO: Henry Wendt
Health-drugs
Health-health care

Snap-on Tools
2801 80th Street
Kenosha, WI 53141–1410
414–656–5200
CEO: William B Rayburn
Automotive-automotive parts

Society
800 Superior Avenue
Cleveland, OH 44114
216–622–9000
CEO: Gordon E Heffern
Banks and thrifts-Midwest

Society for Savings
PO Box 2200
Hartford, CT 06145–2200
203–727–5000
CEO: Elliot C Miller
Banks and thrifts-thrift

Sonat
PO Box 2563
Birmingham, AL 35202–2563
205–325–3800
CEO: Ronald L Kuehn Jr
Natural gas-producer and pipeliner

South Carolina National
1426 Main Street
Columbia, SC 29226–0001
803–765–3000
CEO: James G Lindley
Banks and thrifts-Southeast

Southeast Banking
One Southeast Financial Center
Miami, FL 33131
305–375–7500
CEO: Charles J Zwick
Banks and thrifts-Southeast

Southern California Edison
2244 Walnut Grove Avenue
Rosemead, CA 91770
818–302–1212
CEO: Howard P Allen
Electric utilities-West

Southern Company
64 Perimeter Center East
Atlanta, GA 30346
404–393–0650
CEO: Edward L Addison
Electric utilities-Southeast

Southern New England Telephone
227 Church Street
New Haven, CT 06506
203–771–5200
CEO: Walter H Monteith Jr
Telecommunications-carrier

Southland
PO Box 719
Dallas, TX 75221
214–828–7011
CEO: John P Thompson
Food distributors-convenience stores
Oil-other oil and gas

Southmark
1601 LBJ Freeway
Dallas, TX 75234
214–241–8787
CEO: Gene E Phillips
Financial svcs-lending, leasing & ins

SouthTrust
PO Box 2554
Birmingham, AL 35290
205–254–5680
CEO: Wallace D Malone Jr
Banks and thrifts-Southeast

Southwest Airlines
PO Box 37611
Dallas, TX 75235
214–353–6100
CEO: Herbert D Kelleher
Air transport-passenger

Southwestern Bell
One Bell Center
St Louis, MO 63101
314–235–9800
CEO: Zane E Barnes
Telecommunications-carrier

Southwestern Public Service
PO Box 1261
Amarillo, TX 79170
806–378–2121
CEO: Bert Ballengee
Electric utilities-Southwest

Sovran Financial
One Commercial Place
Norfolk, VA 23510
804–441–4000
CEO: Clifford A Cutchins III
Banks and thrifts-Mid-Atlantic

Sperry
1290 Avenue of the Americas
New York, NY 10104
212–484–4444
CEO: Gerald G Probst
Computers & electronics-computers
Aerospace and defense

Square D
Executive Plaza
Palatine, IL 60067
312–397–2600
CEO: Dalton L Knauss
Electrical equipment

Where to find The Forbes 500s

Squibb
PO Box 4000
Princeton, NJ 08540–0130
609–921–4000
CEO: Richard M Furlaud
Health-drugs

Staley Continental
1701 Golf Road
Rolling Meadows, IL 60008
312–981–1696
CEO: Donald E Nordlund
Food processor-commodities

Standard Oil
200 Public Square
Cleveland, OH 44114–2375
216–586–4141
CEO: Robert B Horton
Oil-other oil and gas

Stanley Works
1000 Stanley Drive
New Britain, CT 06050
203–225–5111
CEO: Donald W Davis
Heavy equipment-industrial
Consumer products-appliances

State Street Boston
PO Box 351
Boston, MA 02101
617–786–3000
CEO: William S Edgerly
Banks and thrifts-Northeast

Sterling Drug
90 Park Avenue
New York, NY 10016
212–907–3000
CEO: John M Pietruski
Health-drugs
Consumer products-household products

JP Stevens
1185 Avenue of the Americas
New York, NY 10036
212–930–2000
CEO: Whitney Stevens
Apparel & textile manufacturer-textiles
Consumer products-home furnishings

Stop & Shop Cos
PO Box 369
Boston, MA 02101
617–770–8000
CEO: Avram J Goldberg
Food distributors-major supermarkets
Retailing-discount & variety stores

Student Loan Marketing Assn
1050 Thomas Jefferson Street NW
Washington, DC 20007
202–333–8000
CEO: Edward A Fox
Financial svcs-lending, leasing & ins

Subaru of America
7040 Central Highway
Pennsauken, NJ 08109
609–488–8500
CEO: Harvey H Lamm
Automotive-automobiles and trucks

Sumitomo Bank of California
320 California Street
San Francisco, CA 94104
415–445–8000
CEO: Teruhisa Shimizu
Banks and thrifts-West

Sun Company
100 Matsonford Road
Radnor, PA 19087–4597
215–293–6000
CEO: Robert McClements Jr
Oil-other oil and gas

Sundstrand
PO Box 7003
Rockford, IL 61125–7003
815–226–6000
CEO: Evans W Erikson
Aerospace and defense
Heavy equipment-industrial

SunTrust Banks
PO Box 4418
Atlanta, GA 30302
404–588–7455
CEO: Robert Strickland
Banks and thrifts-Southeast

Sunwest Financial Service
PO Box 1344
Albuquerque, NM 87103
505–765–2403
CEO: George S Ienks
Banks and thrifts-Southwest

Super Food Services
Kettering Box 2323
Dayton, OH 45429
513–294–1731
CEO: Jack Twyman
Food distributors-wholesaling

Super Valu Stores
PO Box 990
Minneapolis, MN 55440
612–828–4000
CEO: Michael W Wright
Food distributors-wholesaling

Supermarkets General
301 Blair Road
Woodbridge, NJ 07095
201–499–3000
CEO: Leonard Lieberman
Food distributors-major supermarkets

Sysco
1177 West Loop South
Houston, TX 77027
713–877–1122
CEO: John F Woodhouse
Food distributors-wholesaling

Tambrands
10 Delaware Drive
Lake Success, NY 11042
516–437–8800
CEO: Edwin H Shutt
Consumer products-personal products

Tandem Computers
19333 Vallco Parkway
Cupertino, CA 95014–2599
408–725–6000
CEO: James G Treybig
Computers & electronics-computers

Tandy
PO Box 17180
Fort Worth, TX 76102
817–390–3700
CEO: John V Roach
Retailing-miscellaneous
Computers & electronics-computers

TECO Energy
PO Box 111
Tampa, FL 33601
813–228–4111
CEO: Hugh L Culbreath
Electric utihties-Southeast

Tecumseh Products
100 East Patterson Street
Tecumseh, MI 49286
517–423–8411
CEO: Kenneth G Herrick
Heavy equipment-industrial

Tektronix
PO Box 500
Beaverton, OR 97077
503–627–7111
CEO: Earl Wantland
Computers & electronics-electronic equip

Tele-Communications
5455 South Valentia Way
Englewood, CO 80111
303–771–8200
CEO: John C Malone
Communications media-broadcasting

Teledyne
1901 Avenue of the Stars
Los Angeles, CA 90067
213–277–3311
CEO: Henry E Singleton
Diversified companies-conglomerate/Aerospace and defense/Insurance-diversified

Telex
PO Box 1526
Tulsa, OK 74101
918–627–1111
CEO: Stephen J Jatras
Computers & electronics-computers

Temple-Inland
Drawer N
Diboll, TX 75941
409–829–1313
CEO: Clifford J Grum
Packaging
Construction-construction materials

Tenneco
PO Box 2511
Houston, TX 77252–2511
713–757–2131
CEO: James L Ketelsen
Natural gas-producer and pipeliner
Oil-other oil and gas

Where to find The Forbes 500s

Tesoro Petroleum
PO Box 17536
San Antonio, TX 78286
512–828–8484
CEO: Robert V West Jr
Oil-other oil and gas

Texaco
2000 Westchester Avenue
White Plains, NY 10650
914–253–4000
CEO: John K McKinley
Oil-international

Texas Air
333 Clay Street
Houston, TX 77002
713–658–9588
CEO: Francisco A Lorenzo
Air transport-passenger

Texas American Bancshares
PO Box 2050
Fort Worth, TX 76113
817–338–8671
CEO: Joseph M Grant
Banks and thrifts-Southwest

Texas Commerce Bancshares
600 Travis Street
Houston, TX 77002
713–236–4865
CEO: Ben F Love
Banks and thrifts-Southwest

Texas Eastern
PO Box 2521
Houston, TX 77252–2521
713–759–3131
CEO: I David Bufkin
Natural gas-producer and pipeliner

Texas Instruments
PO Box 225474
Dallas, TX 75265
214–995–2011
CEO: Jerry R Junkins
Computers & electronics-semiconductors
Aerospace and defense

Texas Utilities
2001 Bryan Tower
Dallas, TX 75201
214–653–4600
CEO: Perry G Brittain
Electric utilities-Southwest

Textron
40 Westminster Street
Providence, RI 02903
401–421–2800
CEO: Beverly F Dolan
Diversified cos-multicompany/Aerospace & defense/Financial svcs-lending, leasing & ins

Third National
Third National Bank Building
Nashville, TN 37244
615–748–4891
CEO: Charles W Cook Jr
Banks and thrifts-Southeast

Thrifty Corp
PO Box 92333
Los Angeles, CA 90009
213–251–6000
CEO: Leonard H Straus
Retailing-drugstores

Time Inc
Rockefeller Center
New York, NY 10020
212–586–1212
CEO: J Richard Munro
Communications media-publishing
Communications media-broadcasting

Times Mirror
Times Mirror Square
Los Angeles, CA 90053
213–972–3700
CEO: Robert F Erburu
Communications media-publishing

Toledo Edison
300 Madison Avenue
Toledo, OH 43652
419–249–5000
CEO: John P Williamson
Electric utilities-Midwest

Toledo Trustcorp
Three SeaGate
Toledo, OH 43603
419–259–8598
CEO: George W Haigh
Banks and thrifts-Midwest

Torchmark
2001 Third Avenue South
Birmingham, AL 35233
205–325–4200
CEO: Ronald K Richey
Insurance-life and health

Tosco
PO Box 2401
Santa Monica, CA 90506–2401
213–207–6000
CEO: Matthew J Talbot
Oil-other oil and gas

Toys "R" Us
395 West Passaic Street
Rochelle Park, NJ 07662
201–845–5033
CEO: Charles Lazarus
Retailing-miscellaneous

Trans World Airlines
605 Third Avenue
New York, NY 10158
212–692–3000
CEO: Carl C Icahn
Air transport-passenger

Transamerica
600 Montgomery Street
San Francisco, CA 94111
415–983–4000
CEO: James R Harvey
Insurance-diversified

Transco Energy
PO Box 1396
Houston, TX 77251
713–439–2000
CEO: William J Bowen
Natural gas-producer and pipeliner

Transohio Financial
One Penton Plaza
Cleveland, OH 44114
216–579–7700
CEO: Jack D Burstein
Banks and thrifts-thrift

Transworld
605 Third Avenue
New York, NY 10158
212–972–4700
CEO: L Edwin Smart
Food distributors-wholesaling
Leisure & recreation-hotels and gaming

Travelers
One Tower Square
Hartford, CT 06183
203–277–0111
CEO: Edward H Budd
Insurance-diversified

Triangle Industries
PO Box 2600
New Brunswick, NJ 08903
201–745–5500
CEO: Nelson Peltz
Packaging

Tribune
435 North Michigan Avenue
Chicago, IL 60601
312–222–9100
CEO: Stanton R Cook
Communications media-publishing

TRW
1900 Richmond Road
Cleveland, OH 44124
216–291–7000
CEO: Ruben F Mettler
Conglomerate/Automotive-automotive parts
Aerospace and defense

Tucson Electric Power
PO Box 711
Tucson, AZ 85702
602–622–6661
CEO: Einar Greve
Electric utilities-Southwest

Turner
633 Third Avenue
New York, NY 10017
212–878–0400
CEO: Herbert D Conant
Construction-commercial building

UAL
PO Box 66100
Chicago, IL 60666
312–952–4000
CEO: Richard J Ferris
Air transport-passenger

David Rockefeller, Chairman,
Chase International
Advisory Committee

MANY CORPORATE CONTRIBUTIONS MAKE SENSE. THIS ONE MAKES GOOD BUSINESS.

I'm the founding chairman of the International Executive Service Corps, a not-for-profit organization with a vital mission:

We send retired U.S. executives to help companies in developing countries. The executives receive expenses, but no salary.

Our main purpose is to help developing countries succeed in business. But the benefit doesn't stop there. These countries consume about 40 percent of U.S. exports.

With the support of over 800 U.S. companies, we have completed 8,500 projects in 72 countries. Our Board of Directors and Advisory Council include the CEOs of many of America's largest companies.

Join me in helping businesses in developing countries. For more information, write to Thomas S. Carroll, President and CEO, IESC, 8 Stamford Forum, P.O. Box 10005, Stamford, CT 06904-2005. Or just call this number: **(203) 967-6000**.

International Executive Service Corps

Ad Council
A Public Service of This Publication

Where to find The Forbes 500s

Union Camp
1600 Valley Road
Wayne, NJ 07470
201–628–2000
CEO: Raymond E Cartledge
Paper
Packaging

Union Carbide
39 Old Ridgebury Road
Danbury, CT 06817–0001
203–794–2000
CEO: Warren M Anderson
Diversified companies-multicompany
Diversified chemicals

Union Electric
PO Box 149
St Louis, MO 63166
314–621–3222
CEO: William E Cornelius
Electric utilities-Midwest

Union National
670 Washington Road
Mt Lebanon, PA 15228
412–644–8782
CEO: George F Kesel
Banks and thrifts-Mid-Atlantic

Union Pacific
345 Park Avenue
New York, NY 10154
212–418–7800
CEO: William S Cook
Surface transportation-railroads
Oil-other oil and gas

Union Planters
67 Madison Avenue
Memphis, TN 38103
901–523–6000
CEO: Benjamin W Rawlins Jr
Banks and thrifts-Southeast

United Banks of Colorado
1700 Lincoln Street
Denver, CO 80274–0010
303–861–4700
CEO: N Berne Hart
Banks and thrifts-West

United Brands
One East Fourth Street
Cincinnati, OH 45202
513–579–2121
CEO: Carl H Lindner
Food processor-meatpacking
Food processor-branded foods

United Financial Group
10333 Harwin
Houston, TX 77036
713–981–2300
CEO: Jenard M Gross
Banks and thrifts-thrift

United Illuminating
80 Temple Street
New Haven, CT 06506
203–787–7200
CEO: George W Edwards
Electric utilities-Northeast

United Jersey Banks
PO Box 2066
Princeton, NJ 08540
609–987–3200
CEO: T Joseph Semrod
Banks and thrifts-Northeast

United Missouri Bancshares
PO Box 1771
Kansas City, MO 64141
816–556–5600
CEO: R Crosby Kemper Jr
Banks and thrifts-Midwest

US Bancorp
PO Box 8837
Portland, OR 97208
503–225–6111
CEO: John A Elorriaga
Banks and thrifts-West

US Health Care Systems
PO Box 1109
Blue Bell, PA 19422
215–628–4800
CEO: Leonard Abramson
Health-hospital management

United States Shoe
One Eastwood Drive
Cincinnati, OH 45227
513–527–7000
CEO: Philip G Barach
Retailing-apparel
Apparel & textile manufacturer-shoes

United States Steel
600 Grant Street
Pittsburgh, PA 15230
412–433–1121
CEO: David M Roderick
Oil-other oil and gas
Metals-steel

US Tobacco
100 West Putnam Avenue
Greenwich, CT 06830
203–661–1100
CEO: Louis F Bantle
Beverages & tobacco-tobacco

US Trust
45 Wall Street
New York, NY 10005
212–806–4500
CEO: Daniel P Davison
Banks and thrifts-Northeast

United Technologies
One Financial Plaza
Hartford, CT 06101
203–728–7000
CEO: Robert F Daniell
Diversified cos-conglomerate/Aerospace
& defense/Construction-commercial building

United Telecommunications
PO Box 11315
Kansas City, MO 64112
913–676–3000
CEO: William T Esrey
Telecommunications-carrier

United Virginia Bankshares
PO Box 26665
Richmond, VA 23261–6665
804–782–5000
CEO: Richard G Tilghman
Banks and thrifts-Mid-Atlantic

Unocal
PO Box 7600
Los Angeles, CA 90051
213–977–7600
CEO: Fred L Hartley
Oil-other oil and gas

Upjohn
7000 Portage Road
Kalamazoo, MI 49001
616–323–4000
CEO: Ray T Parfet Jr
Health-drugs

US West
7800 East Orchard Road
Englewood, CO 80111
303–793–6500
CEO: Jack A MacAllister
Telecommunications-carrier

USAir Group
1911 Jefferson Davis Highway
Arlington, VA 22202
703–892–7224
CEO: Edwin I Colodny
Air transport-passenger

USF&G
100 Light Street
Baltimore, MD 21202
301–547–3000
CEO: Jack Moseley
Insurance-property and casualty

USG
101 South Wacker Drive
Chicago, IL 60606–4385
312–321–4000
CEO: Robert J Day
Construction-cement and gypsum
Construction-construction materials

USLife
125 Maiden Lane
New York, NY 10038
212–709–6000
CEO: Gordon E Crosby Jr
Insurance-life and health

Utah Power & Light
PO Box 899
Salt Lake City, UT 84110
801–535–2000
CEO: James C Taylor
Electric utilities-West

Valero Energy
PO Box 500
San Antonio, TX 78292
512–246–2000
CEO: William E Greehey
Natural gas-producer and pipeliner

7.48%* tax free can be worth 14.96% to you

The T. Rowe Price Tax-Free Income Fund

This Fund's current tax-free yield of 7.48% is equivalent to a taxable yield of 14.96% for investors in the 50% bracket, 12.90% in the 42% bracket and 11.16% in the 33% bracket. Although yield and share price will vary, stringent credit analysis and active management help reduce price volatility. The price on 3/27/85 was $8.39, and on 3/27/86 it was $9.75. And there are **no sales charges.** For information, call **1-800-638-5660.**

T. Rowe Price
Invest With Confidence

Mail to: **T. Rowe Price**
100 E. Pratt St., Baltimore, MD 21202
Send a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.
Also send a free information kit for:
☐ IRA ☐ Keogh

Name
Address
City State Zip F 518

Tax-free income: call 1-800-638-5660

*Average annualized yield for the thirty days ending 3/27/86, based on an average price per share of $9.71. Average maturity during this period was 24.2 years. Income may be subject to state and local taxes. T. Rowe Price Investment Services, Inc., Distributor.

A Competitive Advantage

VANGUARD'S LOWER COSTS MEAN HIGHER GNMA YIELDS.

If you're seeking high current income and relative safety, consider the Vanguard GNMA Portfolio.

It is an actively managed portfolio of U.S. Treasury-backed Ginnie Mae Certificates. Plus our yield benefits from Vanguard's unique corporate structure which enables the Portfolio to operate at a cost well below comparable mutual funds.

Credit risk vs. market risk

The Federal guarantee minimizes credit risk because it assures the timely payment of principal and interest on the Ginnie Maes. Such issues are rated Aaa. Of course, the Portfolio's share price and yield will move up and down (market risk) as interest rates fluctuate.

You can open a Vanguard GNMA Portfolio account for as little as $3,000 ($500 for IRAs), commission-free. And the Portfolio features free checkwriting for $250 or more.

Call 1-800-662-SHIP

Ask for our free GNMA Portfolio Information Kit. Or send the coupon.

In Philadelphia, visit our Investment Center at 1528 Walnut Street.

Vanguard GNMA Portfolio
Investor Information Dept. 28
Valley Forge, Pennsylvania 19482

Please send me your free GNMA Portfolio Information Kit, including a prospectus which I may read before I invest or send money. I understand that it contains complete information on advisory fees, distribution charges and other expenses.
Also send information on ☐ IRA (71) ☐ Keogh/Pension (70).

Name
Address
City
State Zip
FB-J6-118

THE Vanguard GROUP OF INVESTMENT COMPANIES

Where to find The Forbes 500s

Valley Federal Savings & Loan Assn
6842 Van Nuys Boulevard
Van Nuys, CA 91405
818–904–3000
CEO: Robert E Gibson
Banks and thrifts-thrift

Valley National
PO Box 71
Phoenix, AZ 85001
602–261–2099
CEO: Howard C McCrady
Banks and thrifts-Southwest

VF
PO Box 1022
Reading, PA 19603
215–378–1151
CEO: Lawrence R Pugh
Apparel & textile manufacturer-apparel

Viacom International
1211 Avenue of the Americas
New York, NY 10036
212–575–5175
CEO: Terrence A Elkes
Communications media-broadcasting

Vulcan Materials
PO Box 7497
Birmingham, AL 35253–0497
205–877–3000
CEO: W Houston Blount
Construction-construction materials
Specialized chemicals

Wal-Mart Stores
PO Box 116
Bentonville, AR 72712
501–273–4000
CEO: Sam M Walton
Retailing-discount & variety stores

Waldbaum
Hemlock Street & Boulevard Avenue
Central Islip, NY 11722
516–582–9300
CEO: Ira Waldbaum
Food distributors-regional supermarkets

Walgreen
200 Wilmot Road
Deerfield, IL 60015
312–940–2500
CEO: Charles R Walgreen III
Retailing-drugstores

Wang Laboratories
One Industrial Avenue
Lowell, MA 01851
617–459–5000
CEO: An Wang
Computers & electronics-computers

Warner Communications
75 Rockefeller Plaza
New York, NY 10019
212–484–8000
CEO: Steven J Ross
Leisure & recreation-entertainment

Warner-Lambert
201 Tabor Road
Morris Plains, NJ 07950
201–540–2000
CEO: Joseph D Williams
Health-drugs
Health-health care

Washington Mutual Savings Bank
1101 Second Avenue
Seattle, WA 98101
206–464–4400
CEO: Louis H Pepper
Banks and thrifts-thrift

Washington National
1630 Chicago Avenue
Evanston, IL 60201
312–570–3200
CEO: Stanley P Hutchison
Insurance-life and health

Washington Post
1150 15th Street NW
Washington, DC 20071
202–334–6000
CEO: Katharine Graham
Communications media-publishing

Washington Water Power
East 1411 Mission Avenue
Spokane, WA 99202
509–489–0500
CEO: Paul A Redmond
Electric utilities-West

Waste Management
3003 Butterfield Road
Oak Brook, IL 60521
312–654–8800
CEO: Dean L Buntrock
Services-industrial

Weis Markets
1000 South Second Street
Sunbury, PA 17801
717–286–4571
CEO: Sigfried Weis
Food distributors-regional supermarkets

Wells Fargo
420 Montgomery Street
San Francisco, CA 94163
415–396–0123
CEO: Carl E Reichardt Jr
Banks and thrifts-West

Wendy's International
PO Box 256
Dublin, OH 43017–0256
614–764–3100
CEO: Robert L Barney
Food distributors-restaurant chains

Western Air Lines
6060 Avion Drive
Los Angeles, CA 90009
213–646–2345
CEO: Gerald Grinstein
Air transport-passenger

Western Capital Investment
1675 Broadway–Suite 1700
Denver, CO 80202
303–623–5577
CEO: Junius F Baxter
Banks and thrifts-thrift

Western Savings & Loan Assn
PO Box 16290
Phoenix, AZ 85011
602–248–4600
CEO: Gary H Driggs
Banks and thrifts-thrift

Westinghouse Electric
Westinghouse Building
Pittsburgh, PA 15222
412–244–2000
CEO: Douglas D Danforth
Diversified companies-multicompany
Electrical equipment/Aerospace and defense

Westvaco
299 Park Avenue
New York, NY 10171
212–688–5000
CEO: David L Luke III
Paper

Wetterau
8920 Pershall Road
Hazelwood, MO 63042
314–524–5000
CEO: Ted C Wetterau
Food distributors-wholesaling

Weyerhaeuser
Weyerhaeuser Building
Tacoma, WA 98477
206–924–2345
CEO: George H Weyerhaeuser
Construction-lumber
Paper

Whirlpool
Administrative Center
Benton Harbor, MI 49022
616–926–5000
CEO: Jack D Sparks
Consumer products-appliances

White Consolidated Industries
11770 Berea Road
Cleveland, OH 44111
216–252–3700
CEO: Ward Smith
Consumer products-appliances

Whitney Holding
228 St Charles Avenue
New Orleans, LA 70103
504–586–7272
CEO: Patrick A Delaney
Banks and thrifts-Southeast

Wickes Cos
3340 Ocean Park Boulevard
Santa Monica, CA 90405
213–452–0161
CEO: Sanford C Sigoloff
Retailing-miscellaneous

Where to find The Forbes 500s

Willamette Industries
1300 SW Fifth Avenue
Portland, OR 97201
503–227–5581
CEO: William Swindells Jr
Paper
Construction-lumber

Williams Cos
One Williams Center
Tulsa, OK 74172
918–588–2000
CEO: Joseph H Williams
Natural gas-producer and pipeliner
Specialized chemicals

Wilmington Trust
Rodney Square North
Wilmington, DE 19890
302–651–1000
CEO: Bernard J Taylor II
Banks and thrifts-Mid-Atlantic

Wilson Foods
4545 Lincoln Boulevard
Oklahoma City, OK 73105
405–525–4545
CEO: Kenneth J Griggy
Food processor-meatpacking

Winn-Dixie Stores
PO Box B
Jacksonville, FL 32203
904–783–5000
CEO: A Dano Davis
Food distributors-major supermarkets

Wisconsin Electric Power
PO Box 2046
Milwaukee, WI 53201
414–277–2345
CEO: Charles S McNeer
Electric utilities-Midwest
Natural gas-distributor

Wisconsin Power & Light
PO Box 192
Madison, WI 53701–0192
608–252–3311
CEO: James R Underkofler
Electric utilities-Midwest
Natural gas-distributor

Wisconsin Public Service
PO Box 19001
Green Bay, WI 54307
414–433–1598
CEO: Paul D Ziemer
Electric utilities-Midwest
Natural gas-distributor

Witco
520 Madison Avenue
New York, NY 10022–4236
212–605–3800
CEO: William Wishnick
Specialized chemicals

FW Woolworth
233 Broadway
New York, NY 10279
212–553–2000
CEO: John W Lynn
Retailing-discount & variety stores
Retailing-shoe stores

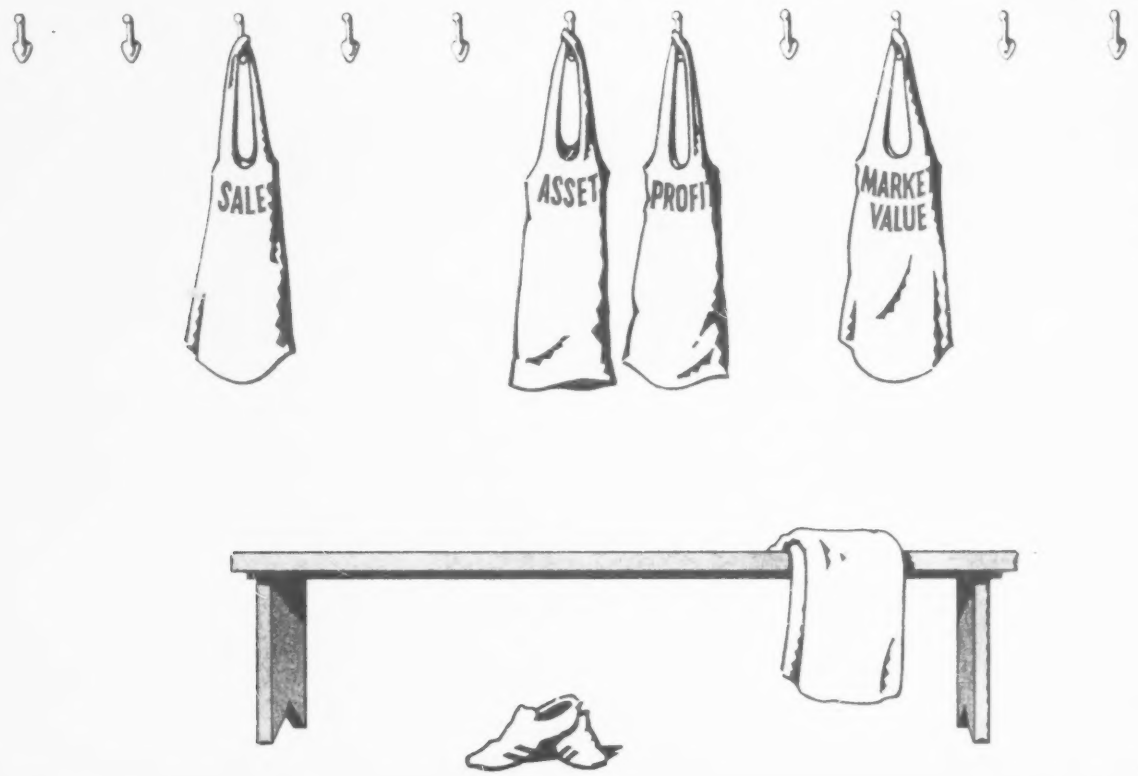
Xerox
PO Box 1600
Stamford, CT 06904
203–329–8700
CEO: David T Kearns
Computers & electronics-electronic equipment
Insurance-property and casualty

Yellow Freight System
PO Box 7563
Overland Park, KS 66207
913–345–1020
CEO: George E Powell Jr
Surface transport-trucking & leasing

Zayre
770 Cochituate Road
Framingham, MA 01701
617–620–5000
CEO: Maurice Segall
Retailing-discount & variety stores
Retailing-apparel

Zenith Electronics
1000 Milwaukee Avenue
Glenview, IL 60025
312–391–7000
CEO: Jerry K Pearlman
Consumer products-appliances
Computers & electronics-computers

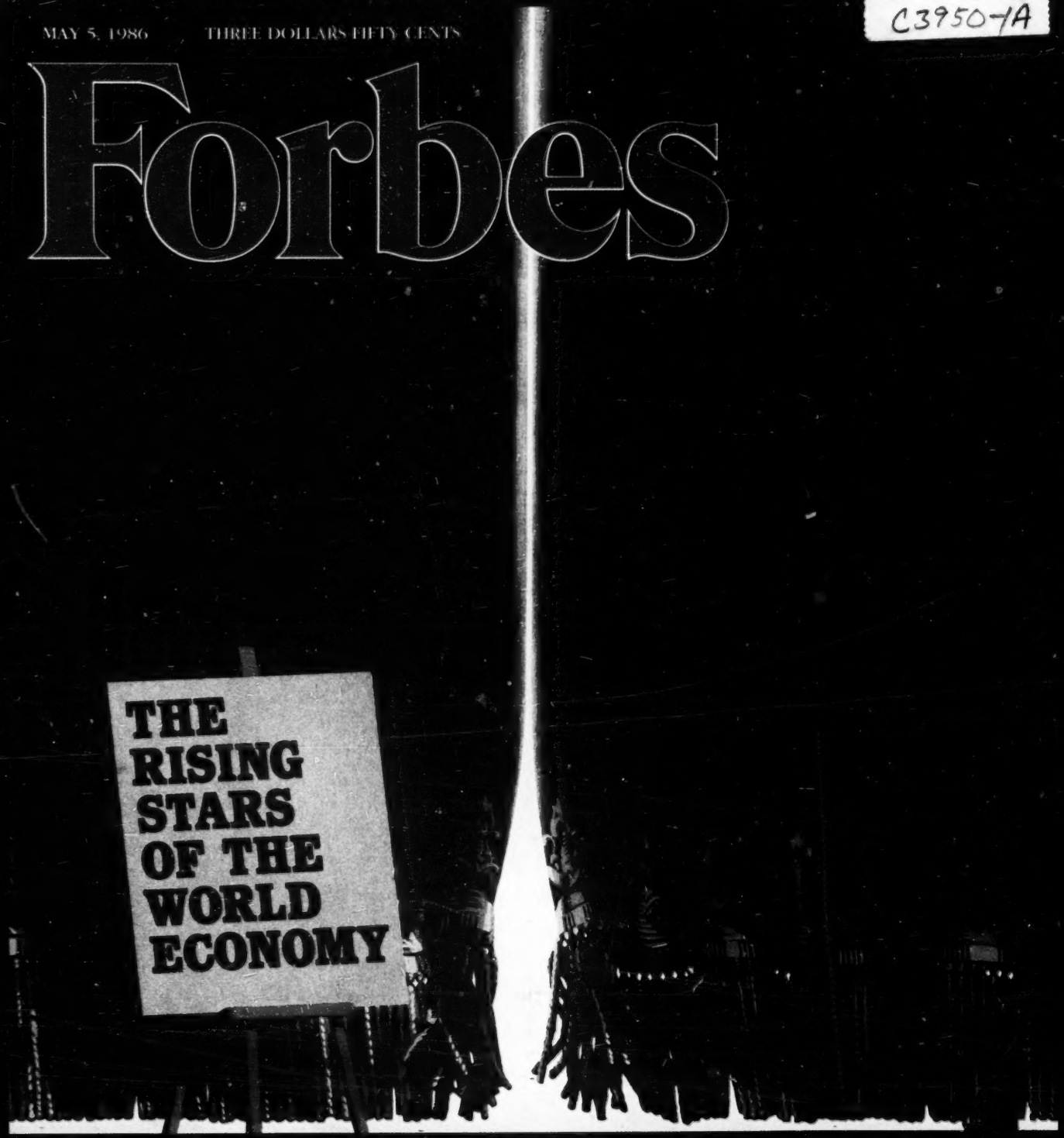
Zions Utah Bancorporation
1190 Kennecott Building
Salt Lake City, UT 84133
801–524–4787
CEO: Roy W Simmons
Banks and thrifts-West



C3950-1A

MAY 5, 1986 THREE DOLLARS FIFTY CENTS

Forbes



********** CAR-RT SORT ** CR02
T2910378 SZ ZZ 0030
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814
74820 08317

Forbes

May 5, 1986
Volume 137
Number 10

106

The editorial index of companies referred to in this issue is on pages 196 and 197.

Companies

39 Crown Zellerbach Corp.
Is Jimmy Goldsmith more equal?

62 Firestone Tire & Rubber Co.
The boss had to lop off nearly half the company in order to save it, but was it the right move?

74 The Up & Comers
There's more to Chili's restaurant chain than $4 hamburgers. Also: Foothill Group of Los Angeles.

91 W.R. Grace & Co.
The dangers of a sexy-sounding growth strategy.

96 Rainier Bancorp.
Imitating others is no longer enough.

98 Imnet
It's good to be big and rich, better to be entrenched.

116 Marshall Industries
A dandy way to play Japan's microchip exports.

127 Contran Corp.
Harold Simmons is no ruthless pirate, but neither is he a shrewd, high-profit empire builder.

128 K mart Corp.
Attention, K mart investors: The payoff seems close.

Government

54 Tallahassee Vice?
Troubles gather for Florida's comptroller.

66 Securities Fraud
Can the states do better than the SEC in enforcement?

132 Lost At Sea
The U.S. Maritime Administration's plunge into offshore drilling has cost taxpayers at least $600 million.

Management

40 Some IRA!
Meet Tom Spiegel, America's highest-paid boss in 1985.

Regions

68 Mahwah, N.J.
Tired of reading what happened to the little town after its factories shut down? Then try this for a change.

International

41 Japan
It will take more than currency shifts and gestures of cooperation to bring Japanese-U.S. trade into balance.

103 As We See It:
Business International's John Haley And George Bader
International equity markets boom.

106 Cover Story: The Rising Stars
Climbing stock markets, plunging currencies and huge trade deficits mark the end of an old era. In the future, there will be lots of new faces among the players.

Departments

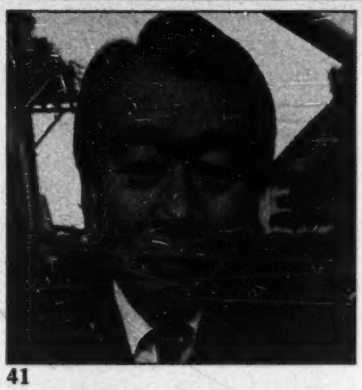
6 Side Lines
8 Trends
14 Follow-Through
18 Readers Say
25 Fact and Comment
28 Other Comments
31 Fact and Comment II
199 Flashbacks
200 Thoughts

Money & Investments

33 What's Ahead For Business
34 The Forbes Index
167 The Forbes/Wilshire 5000 Review

Columnists

179 Ben Weberman
180 Susan Lee
182 Kenneth L. Fisher
184 Ann C. Brown
188 Srully Blotnick
190 Stanley W. Angrist
191 Ashby Bladen



41 132 150

Investing

38 Costly Chaos
America's rush into foreign stocks is creating back-office headaches on Wall Street.

48 Utility Stocks
Think they're a refuge for the timid? Think again.

104 Book-Entry Blues
It's 10 p.m. Do you know where your securities are?

170 The Money Men: Ed Thorp And Jay Regan
"If you're so smart, why aren't you rich?" You don't ask that of these two—they're plenty rich.

172 Statistical Spotlight
A company's debt ratio is important, but there is something wrong with the way most people compute it.

176 Private No Load Funds
An unusual fringe benefit for GE middle managers.

194 Streetwalker
Cyclops Corp.; Wyman-Gordon Co.; Itel Corp.; Xtra Corp.; Varlen Corp.; Enzo Biochem, Inc.

Numbers Game

82 Recommended Reading
Five annual report seductions to watch out for.

Finance

176 Hope For The Worst
GNMA has temporarily stopped guaranteeing new home mortgage pools. That's bad for buyers, good for investors.

On The Docket

80 Just A Puppet?
So you want to outflank the union by setting up a captive "workers' committee"? Think again.

Taxing Matters

83 Fun And Games With Chicken Feed
When is a $1 billion agri-industrial complex a family farm? When it comes time to pay the income taxes.

Science & Technology

142 Roiling The Holy Waters
India's biggest river is an open sewer. Why can't India clean it up? Also: Biotechnology stock boom.

Marketing

134 Threesomes And Double Entendres
Sex in advertising used to mean a gorgeous girl in a tight sweater. Now? Also: Cigars; *Elle* magazine.

Personal Affairs

150 ¡Bienvenidos, Gringos!
Mexico's woes make tourism vital.

Careers

158 Hang Tough, Or Take The Gold Watch Early?
There's more to early retirement than just numbers.

Faces Behind the Figures

160 John Bookout, *Shell Oil Co.*
160 Charles Morley, *CGM Group, Inc.*
162 Dr. Martin Bruetman, *High Tech Medical Park*
162 J. Bruce Llewellyn, *Philadelphia Coca-Cola Bottling Co.*
164 Geoffrey Taylor, *Midland Bank*
164 Bill Parsons, *Event Management*

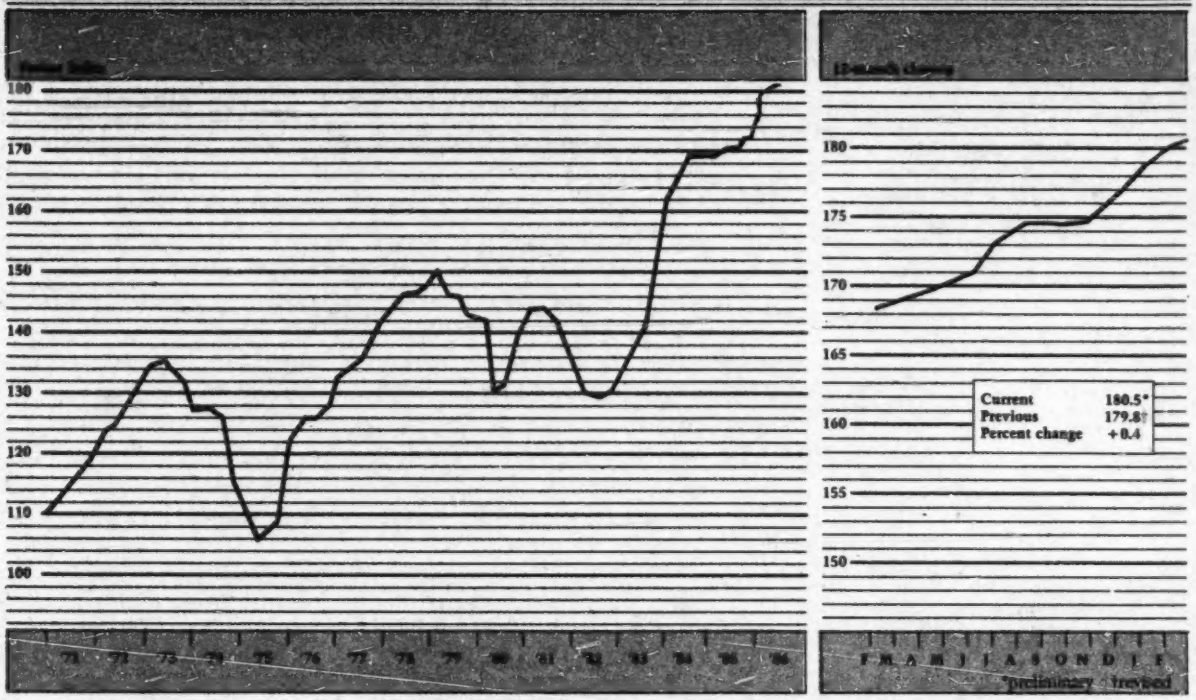
May 5, 1986 Volume 137 Number 10 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Nancy Stahl

The Forbes Index



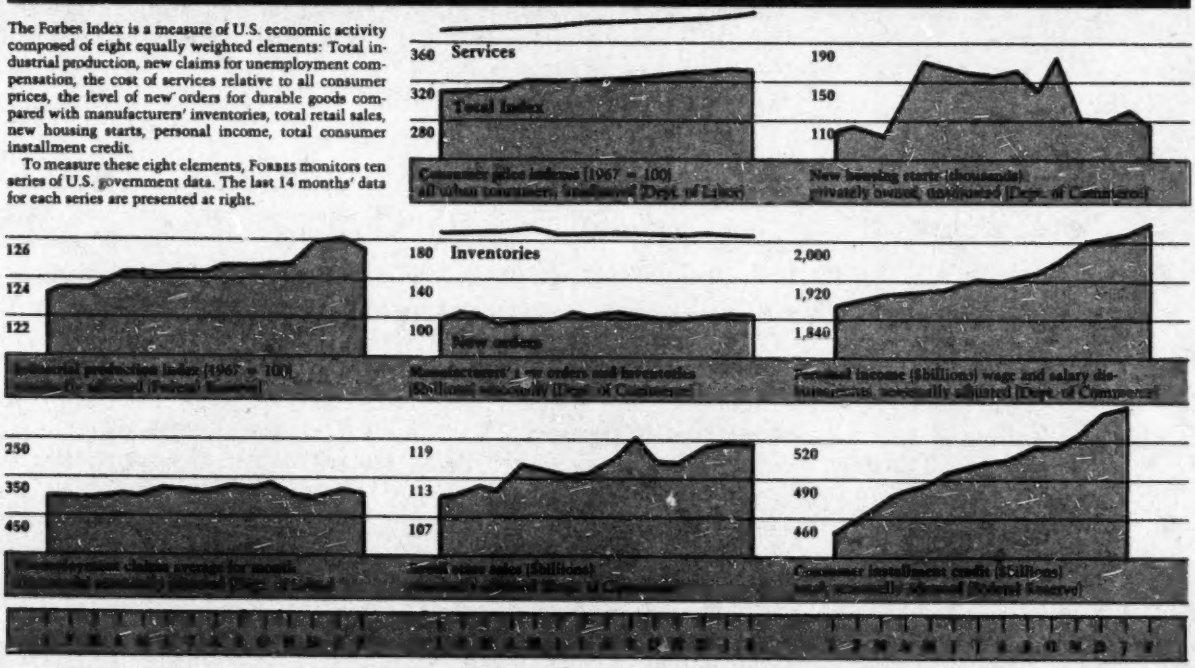
In need of adrenaline. The Forbes Index inched up 0.4% during the latest reporting period, the smallest gain in three months. Unemployment claims, down 0.5% following a 5.5% increase in February, were principally responsible for the increase. Despite a 0.4% drop in inventories—the fifth consecutive monthly decline—new orders for durable goods slipped by 1.2%, an indication that the economy has yet to feel the full impact of declining oil prices and a weaker dollar.

With inflation currently at a modest 3.2% annual rate, there are plausible hopes the Federal Reserve will lower the discount rate further to stimulate the economy.

The Forbes Index Components

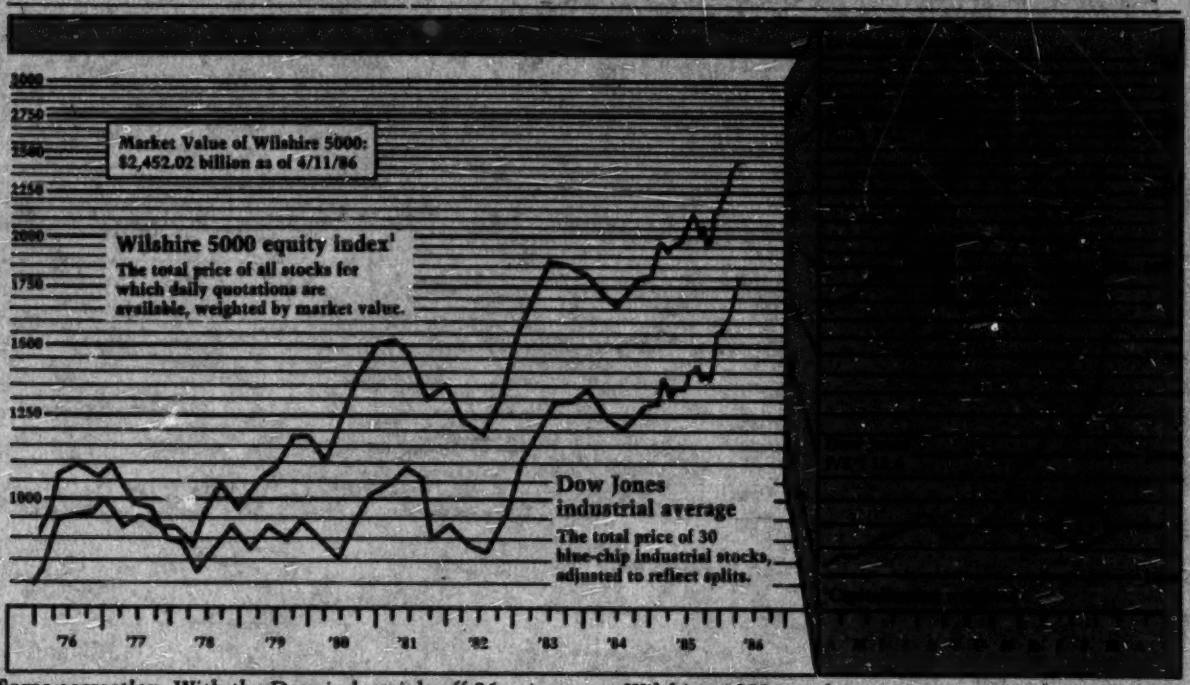
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Some correction. With the Dow industrials off 86 points, or 5%, at one point during the latest two-week period, it seemed that the long-awaited correction had come. But if that was it, it was very short-lived. Within a few days the Dow had gained back almost two-thirds of its earlier losses and ended the two-week period off only 1.7%.

Bonds have done almost as well. Total return on the Merrill Lynch corporate-government composite index is 8.7% since Jan. 1, vs. 13.5% for stocks.

Wilshire 5000 stocks are now priced at 17.1 times trailing 12-months' earnings. The last time the market's P/E got up there was in 1972, when inflation was at 3.3% and long governments at 6% (vs. today's 3.2% and 7.7%).

The Dow's temporary correction didn't last long enough to spill over into the secondary market. Both the Amex and the over-the-counter index reached record highs during the latest two-week period, and closed up 0.1% and 1.5%, respectively.

Closeup On The Equity Markets

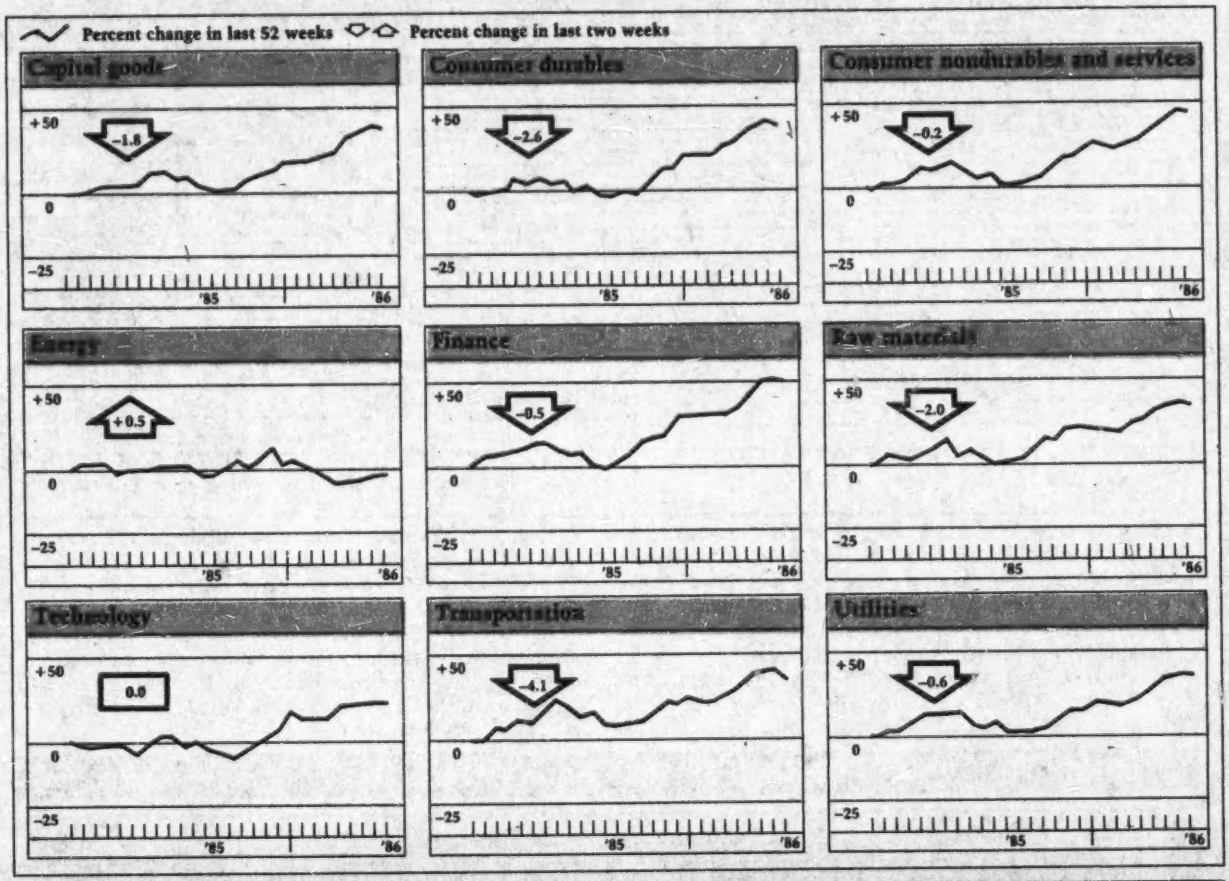
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/11/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Sparks of life in the oilfields. The energy sector, which eked out a gain of 0.5%, was the only one of the nine Wilshire sectors to show a positive return over the most recent two-week period. Many of the stocks in the oilfield moved up toward the end of the period as the May futures contract rose about 40% above its low of $9.75 a barrel a week earlier. Within the energy sector, Unocal, with a gain of 13%, had the biggest increase over the latest two-week period.

Rebounding oil prices, however, didn't help the transportation sector. For the most recent period, it was the worst-performing group, off 4.1%. Shares of Pan Am and TWA were particularly hard hit, losing 16% and 11%, respectively, over the last two weeks.



What The Analysts Think

Betting against the analysts. While the market shows signs of interest in the energy sector, analysts obviously think otherwise. They cut their 1986 earnings estimates for this group by 2% over the latest two weeks and by 9.8% over the most recent four weeks. As the recent action shows, however, it can pay to bet against the estimates.

Forecasting the Future 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.99	15.9
1986 estimates	3.97	12.0
1987 estimates	4.56	10.5

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer nondurables	$2.38	15.8	0.22 %	-1.62 %
2	Finance	3.80	11.0	0.16	0.05
3	Utilities	3.55	9.4	-0.10	-0.67
4	Raw materials	2.17	14.7	-0.22	-0.96
5	Technology	2.80	14.2	-0.34	-1.58
6	Consumer durables	4.31	9.5	-0.41	3.67
7	Capital goods	2.75	14.3	-0.64	-0.85
8	Transportation	2.50	12.1	-1.02	-2.56
9	Energy	2.84	10.1	-2.00	-9.80

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 4/11/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

63950-1A

MAY 19, 1986 THREE DOLLARS FIFTY CENTS

Forbes

THE NEW-ISSUE MARKET TODAY

JUST HOW HOT ARE THE IPOs?

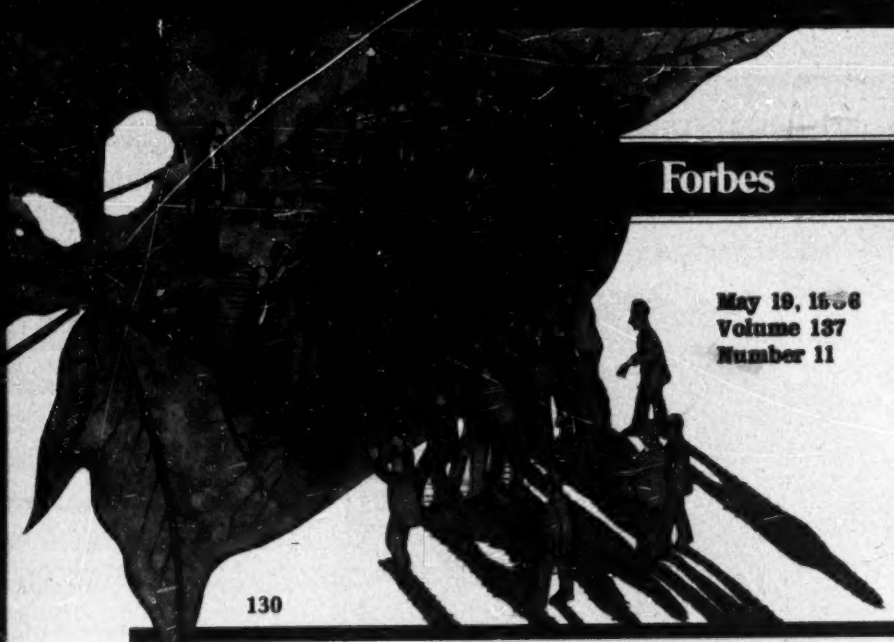
CANADA

OPEN FOR BUSINESS AGAIN

********** CAR-RT SORT ** CR02
T29103Z8 S2 Z2 0004
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes

May 19, 1986
Volume 137
Number 11



130

The editorial index of companies referred to in this issue is on pages 230 and 231.

Companies

34 Magic Marker Industries
If a brand name is so valuable, why is Magic Marker in bankruptcy court?

46 Sigma-Aldrich Corp.
Think of it as a profitable L.L. Bean for scientists.

62 Southeast Banking Corp.
The future finally brightens for a bumbling bank.

64 The Stroh Brewery Co.
Being number three isn't enough.

80 The Stop & Shop Cos.
Know your customer. Av Goldberg is learning that the hard way.

100 The Up & Comers
People used to laugh at Philip Crosby. Now his company is worth nearly $100 million. Also: International Clinical Laboratories, LaPine Technology Corp.

Government

35 The Battle Of Puyallup River
A Pacific Northwest Indian tribe has stymied development of one of the country's fastest-growing ports.

Labor

51 Going Straight
The Teamsters' Central States Pension Fund has been cleaned up. Will it stay that way?

Industries

32 Securities
Is a security made up of unsecured loans a contradiction in terms? Not anymore.

40 Automobiles
Trench warfare for European market share.

94 Gambling
Atlantic City is losing its edge.

144 Media
Why media magnate Donald Reynolds thinks a lot of the recent deals are ridiculous.

International

54 Japan
Japan's public debt burden is one reason why the Japanese are so reluctant to stimulate their economy further.

110 The World Bank
How its Gene Rotberg manages money.

114 China
It needs everything, but can't afford to pay hard currency. Solution? Leasing and countertrade.

130 Cover Story: Canada
Canada is having its own version of the Reagan revolution, and smart U.S. businessmen and investors smell opportunity.

Investing

30 New Issues
Investors are slow learners.

Departments

6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
233 Flashbacks
234 Thoughts

Money & Investments

25 What's Ahead For Business
26 The Forbes Index
209 The Forbes/Wilshire 5000 Review
214 The Forbes/TUCS Institutional Report

Columnists

219 Ben Weberman
220 Susan Lee
222 David Dreman
224 Srully Blotnick
226 Stanley W. Angrist

144

74

188

33 The Stock Market
Who will replace small investors to keep the market afloat?

82 Bonds
For sellers, patience is often rewarded.

121 The Funds: Marketing Over Common Sense
Kemper Financial's money-back-guarantee mutual fund.

121 The Funds: Is It Time For Small Stocks?
Funds for small-cap stocks.

140 The Money Men: Robert Torray
A little pain for lasting pleasure.

212 Statistical Spotlight: Cheap Oil Plays
If oil stays down, these retailers may rise.

228 Streetwalker
International Paper Co.; Spearhead Industries, Inc.; Cullum Cos., Inc.; Coleman Co.; Wrather Corp.

Finance

92 When Cash Flows Slow
The Reichmann family grapples with falling oil prices.

124 Twelve Angry Bankers
What happened when some Albany, N.Y. banks gave a customer all the money he wanted, no questions asked.

On The Docket

67 Wanna Buy A Lawsuit?
Taking a flier on the American judicial system.

70 So What's The Law, Already?
Warning to hard sellers: Someone may sue you.

Numbers Game

74 Friends In High Places
The SEC helps out little oil companies. Again.

Taxing Matters

78 Soak The Middle Class
Is this any way to encourage savings?

Marketing

169 Anybody Home Out There?
How the TV-program raters rate the programs. Also: Lina Lee shops; movie theater candies.

Science & Technology

178 Those Fancy New Beauty Creams
Will cells from animal guts make you look younger? Also: Land-waste disposal facilities insurance.

Careers

188 Budding Opportunities
Careers in horticulture are nothing to sneeze at.

Personal Affairs

192 Surging Savings Bonds
How about a variable-rate bond guaranteed to pay at least 7.5%?

194 Safety First
How to hedge bets on Wall Street.

Faces Behind The Figures

200 Saul Steinberg, *Reliance Group Holdings, Inc.*
200 Ernest W. Saunders, *Guinness Plc.*
202 Paul Rusen, *Steelworkers' corporate director*
202 Allen Michels, *Dana Group Inc.*
204 Den Fujita, *McDonald's Japan*
204 Jiro Yanase, *Yanase & Co.*
206 Aaron Gold, *Oxford First Corp.*
206 Arnold Goldman, *Luz International Ltd.*

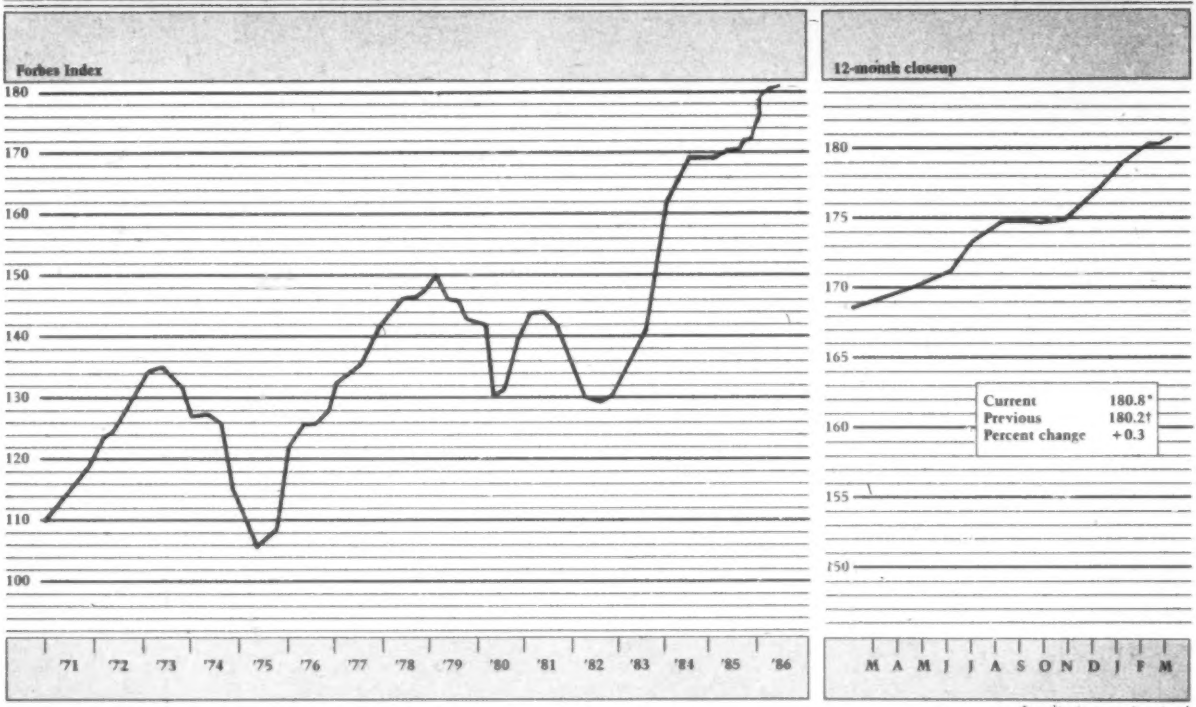
May 19, 1986 Volume 137 Number 11 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by Chas. B. Slackman

The Forbes Index



*preliminary †revised

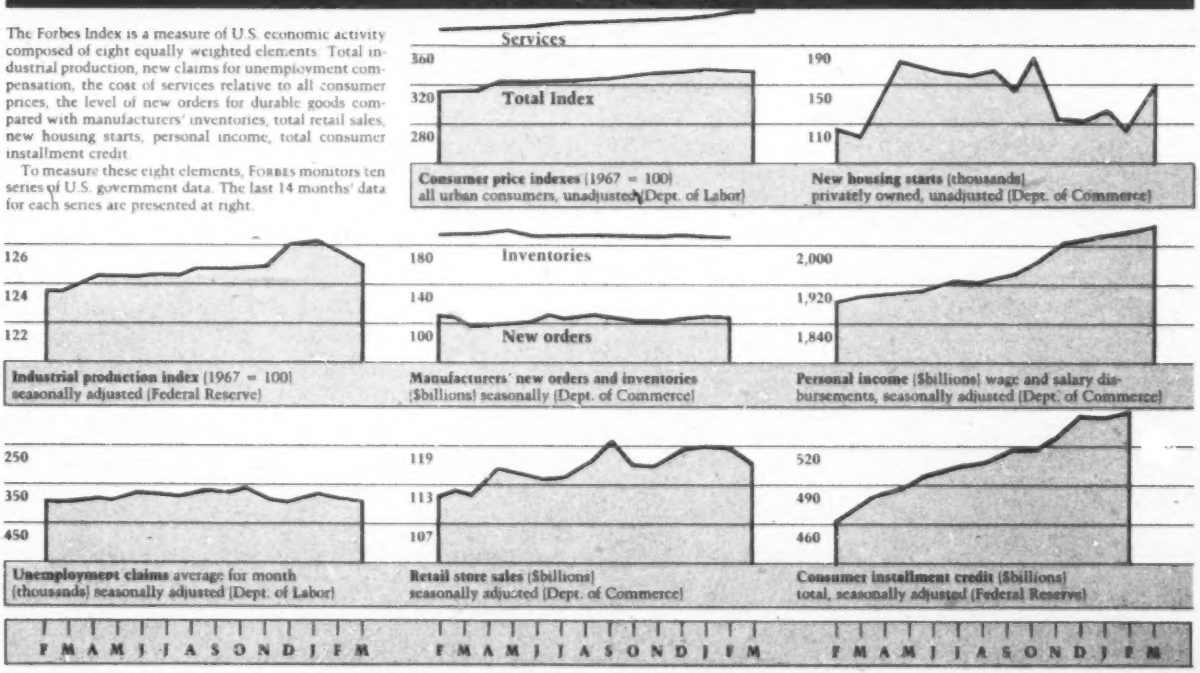
Warm-weather effect. New housing starts in March rose 41% from February and contributed to a 0.3% rise in the Forbes Index. But the news on the housing front could have been better, especially in light of the decline in mortgage rates. The 150,000 March housing starts were only 3.5% higher than during March 1985. Also contributing to the rise in the Forbes Index were personal income and consumer installment debt, up by 0.5% and 0.9%, respectively. The rise in debt, however, was the smallest increase since last June.

The slowdown in borrowing hampered retail sales, which were off 0.8%. Industrial production, hurt by declines in oil and gas drilling and steel and auto production, fell by 0.5%, to 125% of the 1977 base.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Your typical Japanese may be frugal, but his government most certainly is not. Japan's public debt burden is one of the heaviest among the industrial nations. Now you know why the Japanese are so reluctant to stimulate their economy further.

A yen to spend

Genji Takahashi of Rokkasho
"We are negotiating for more compensation."

Norman Gall

By Norman Gall

IN THE SNOW COUNTRY of northern Japan, along the windy coast of the Mutsu peninsula, nestles the fishing village of Rokkasho. In more ways than one, Rokkasho is a microcosm for post-World War II Japan. "The winters used to be seasons of hunger," says a 52-year-old fisherman, Genji Takahashi, recalling the 1950s and early 1960s. "We were so poor that our boots and gloves were made of straw. During the hunger season, when our only road was cut by snow and rain, we used rice bran to make flour. We were like the mountain people in the Philippines."

But now Rokkasho glitters with the results of government spending. There is a big town hall, a splendid firehouse with seven gleaming engines, a hospital, schools, clinics and an old-age home, and modern equipment for garbage collection and for maintaining the roads and clearing them of snow.

Fisherman Takahashi? No more straw gloves for him in winter. He and his family received close to $1 million for their fishing rights when the Japanese government took their marshlands for an industrial park. And Takahashi is hoping for more: "Now the government wants to put a nuclear fuel reprocessing plant in our industrial park. We think that may be dangerous and are negotiating for more compensation."

Forget the clichés about a frugal Japanese government. Japan is full of Takahashis and Rokkashos. All this makes for a happier Japan than the Japan of old, but it also costs a lot of money. Unfortunately, like Americans, Japanese do not like to pay taxes. According to the latest available OECD figures, the Japanese government's debt burden is even heavier than our own. In spite of the fact that the Japanese taxpayer is contributing almost nothing to the defense of the Free World, Japan's gross public debt outstanding came to 69.4% of gross national product last year, against 48.3% for the supposedly profligate U.S. Interest on Japan's debt absorbs 20% of public spending—compared with 14% in the U.S.

Does this matter? It does. The prosperity of Rokkasho and all that debt help explain why our trade frictions with the Japanese are likely to persist. They help explain why Prime Minister Yasuhiro Nakasone could pledge fundamental economic reforms in his tête-à-têtes with President Reagan last month—then quickly backtrack on those pledges the moment he returned home.

The average Japanese citizen dearly loves his government handouts but is even more adamantly opposed to higher taxes than Americans are. People in both countries want to get but not to give. Reluctant to raise taxes to fund those big deficits, Japan's politicians borrowed heavily.

But the spending and borrowing began to frighten many Japanese. It is useful to remember that since the 1868 Meiji restoration opened the country to the world, Japan has been wracked repeatedly by inflation. More like the Germans than the Americans, the Japanese shy away from policies that might reignite inflation—even as they continue to demand their government goodies.

Responding to the voters' inflation fears, the politicians have been cutting spending and borrowing where they can. The Japanese have cut their combined central and local government deficit from 4.5% of GNP in 1980 to 1.4% last year.

But the burden of debt remains—and so does the fright thrown into the Japanese by the yawning deficits of the early 1980s. Now, to reduce the trade surplus with the U.S., the Japanese will have to consume more at home. But how can the government stimulate the economy without reviving the unpopular deficits?

Moreover, Japanese officials respond to U.S. calls for more government pump-priming by arguing that the effects of spending stimulus, known as the fiscal multiplier, lessen as economies become more service-oriented. For this reason the impact of pump-priming is less than half what it

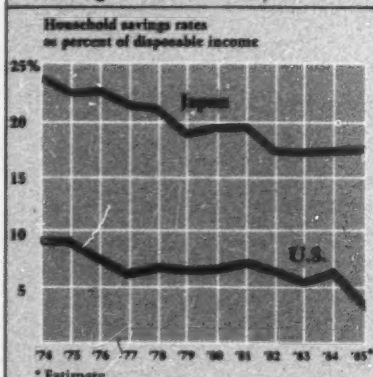
was around 1960. Says Takuji Matsuzawa, chairman of the Fuji Bank: "Even if fiscal spending is expanded, it will not stimulate business further and will not lead to a sizable reduction in the current account surplus."

This year, even though the national budget will hold the line, local government spending will grow by 4.6%. "We have to stimulate the local economies," says Joji Omura, an ex-bureaucrat who has been in the Diet for 35 years and now heads the Liberal Democratic Party's local affairs committee. "We must improve rivers, land, roads, bridges, tunnels, sewage systems, schools, meeting halls and local government buildings."

The government money thus spread around produces solid LDP majorities and keeps Japan's income distribution among the most equally balanced in the world. But it also feeds the deficit and thereby dampens enthusiasm politicians might have for reforming and further stimulating the economy.

Dissaving graces?

As government safety nets develop, Japanese families are finding it less necessary to save.



If the U.S. and Japan are similar in their spending habits, they are not similar in their saving habits. Americans pay for the deficit in good part by borrowing abroad from foreigners willing to buy U.S. government securities. The Japanese now hold something like $100 billion in U.S. government paper. So dependent is the U.S. bond market on Japanese savings and investment that the U.S. market went into a slump last month when a fast-rising yen began to make U.S. bonds a risky investment for Japanese.

That's quite a burden the Japanese savers bear: financing the deficits of both their native land and distant America. The Japanese have been

For someone who's given you a big chunk of his time.

There really is no adequate way to thank someone who's devoted a good portion of his life to your company. But a Tiffany retirement gift is more than a mere token. Because Tiffany means quality, your gift will be looked on with pride as an enduring symbol of respect and appreciation.

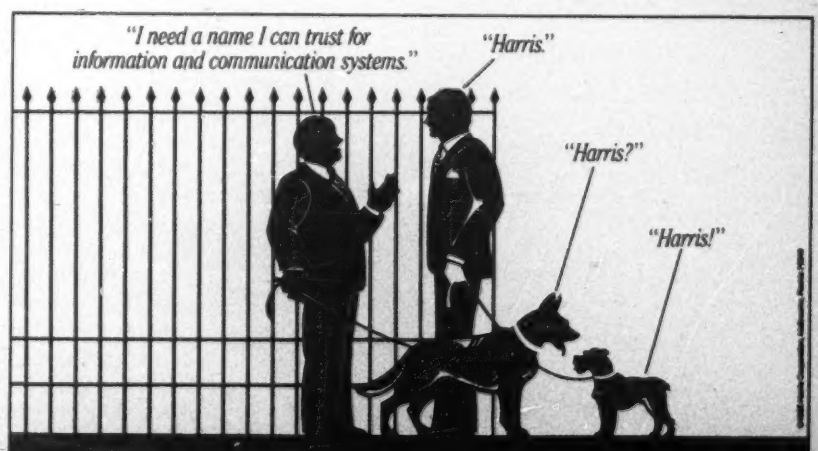
Our Corporation Division will plan and execute a retirement award program consistent with your budget. If neccessary, we will start from scratch to design something unique.

To arrange for an appointment with a Corporate sales executive, please call Sandra Alton at 212-605-4641.

Pictured: Our suggestion for a retirement gift, the brass quartz mantel clock with phases of the moon, day, date and month.

TIFFANY & CO.

NEW YORK • BEVERLY HILLS • CHICAGO • DALLAS • HOUSTON
BOSTON • ATLANTA • SAN FRANCISCO • PHILADELPHIA ©T & CO. 1986



FOR YOUR INFORMATION, OUR NAME IS

HARRIS

Find out more about Harris information and communication systems. Call 1-800-4-Harris Ext. 30

HARRIS

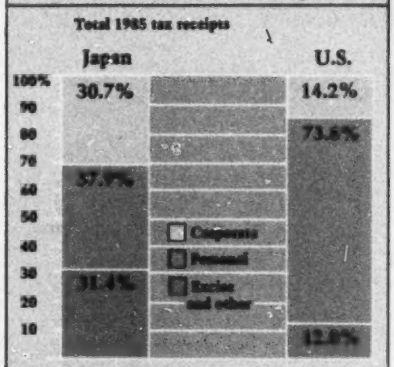
lending large sums to the U.S. government, as well as to their own. As a result, down the road the American taxpayer may wind up paying huge sums to Japan through future interest payments, without the benefit, as now, of getting automobiles and VCRs in return.

And while Japanese tax rates are comparable to American, their respective effect on savings is not similar. Japanese personal tax rates are low by international standards, but rates for Japanese business aren't: The average tax burden on Japanese corporations in 1983, for example, was over 60%, twice the U.S. burden, according to Iwao Nakatani, an economics professor at Osaka University.

But isn't this kind of taxation fundamentally antibusiness? Not at all.

Hidden incentives

Passed on to consumers, heavy taxes on Japanese companies tend to discourage consumption.



Source: OECD Japan Survey, 1986 Economic Report of the President.

In the end, business passes on most of the burden to the consumer: What looks like a tax on business is at bottom a tax on consumption. Accordingly, the Japanese tax system encourages saving, discourages consumption. Annual mortgage deductions, moreover, are limited to the equivalent of $1,100, and consumer credit interest is not deductible at all. So Japan's savings pile grows.

Note the resemblance between the existing Japanese tax system and the reform originally proposed by the Reagan Administration. The Reagan reforms, for example, would have eliminated mortgage interest on second homes; increased IRA contribution ceilings for married couples; made investments in fixed-income securities more interesting by slashing income tax rates. The lobbyists and their congressmen have turned Reagan's brave effort into a bad joke—just

VAN KAMPEN MERRITT TAX FREE HIGH INCOME FUND INC.

EARN A TAX-EXEMPT YIELD OF

7.96%* = 15.92%

TAX FREE TAXABLE

If you're in the 50% bracket, that means you would have to earn 15.92% on a taxable investment to equal this tax-exempt yield.

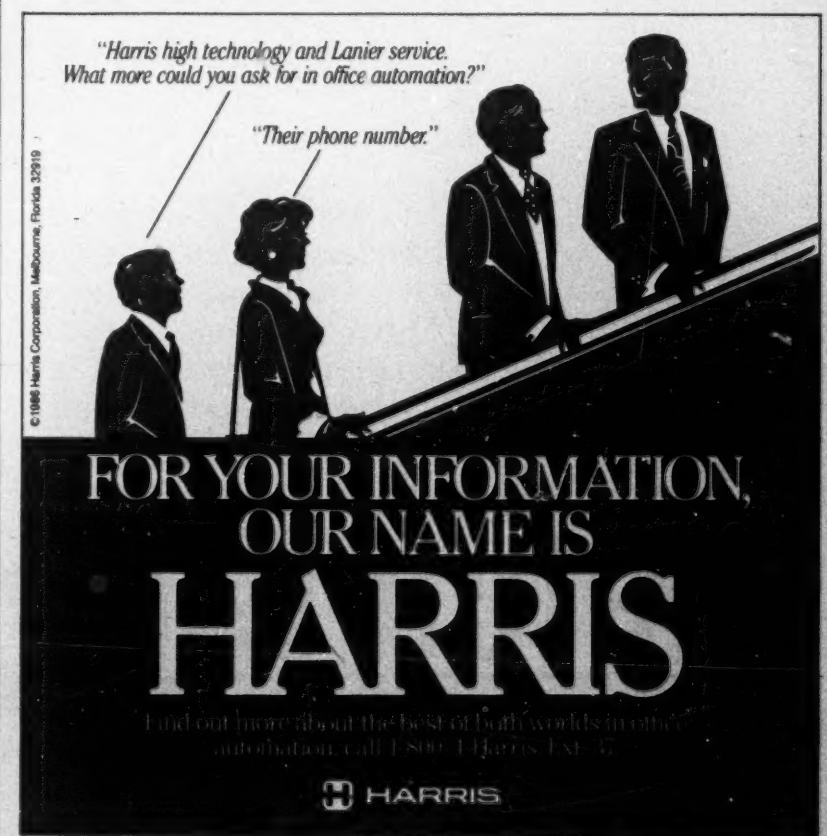
KEY ADVANTAGES:

- Daily dividends free of federal tax.*
- Monthly distributions paid in cash or reinvested at no charge.
- Easy, daily access to your capital.
- Affordable investment minimum.
- Managed by a major firm of municipal bond analysts.

Both the current return and the net asset value will fluctuate as market conditions change. $16.30 and $14.29 were the net asset values on 4/15/86 and 6/28/85.

Call 1-800-DIAL-VKM Ext. 3003. (Georgia residents call 1-800-633-2252.) We'll rush a prospectus which includes information about charges and expenses. Read it carefully before you invest or send money. **Call today, day or night.**

*Current yield is determined by annualizing the monthly distributions paid per share for the 1 month ending April 15, 1986 and dividing the result by the average maximum public offering price for the same period. A portion of the income may be subject to state and local taxes. Tax rates may be subject to tax law changes.



FOR YOUR INFORMATION, OUR NAME IS HARRIS

Find out more about the best of both worlds in office automation: call 1-800-[illegible] Ext. 5.

HARRIS

as Japanese politicians are making it difficult for Nakasone to reform his economy.

All this means no one should look for the Japanese to become overnight a nation of spendthrifts. Faced with a difficult choice, the Japanese apparently have decided to put up with a high-priced yen rather than risk higher deficits. But remember, as we lessen the bite of Japanese industrial competition, so, accordingly, do we lessen Japanese ability and willingness to do our saving for us. ■

Budget-making, Japanese style

We've been trying something like Gramm-Rudman for the past few years," says Makoto Fujii of the Finance Ministry's Budget Bureau. "It's called minus-zero ceiling. You set the ceilings and then go for the cuts. Each ministry has to cut its budget to a lower ceiling."

Fujii ticks off progress made: "We've cut subsidies by 6% over the past three years. We've cut national government financing of public works and made local governments borrow more. We've raised social security contributions and health care fees, and cut back benefits. Spending was held to 1982 levels as the economy grew."

Hakuo Yanagisawa, a former Finance Ministry bureaucrat who won a Diet seat in 1980, explains how seriously the budget process is taken: "The first draft of each ministry's budget goes not to the Finance Ministry but to the appropriate committee of the Liberal Democratic Party. Each committee head is a specialist in his area. There's lots of discussion between politicians and bureaucrats before the budget is approved. But when the budget reaches the Diet, it's seldom changed."

But elected officials bestow benefits on the voters rather than make demands on their pocketbooks. Because so much of Japan's voting power is in the countryside, the job of Japan's ruling politicians is to preserve the 9-3-1 rule by which salaried workers pay taxes on 90% of their earnings, the self-employed on 30%, and farmers on 10%. At the same time, the politicians must keep money flowing into these economically marginal districts.—N.G.

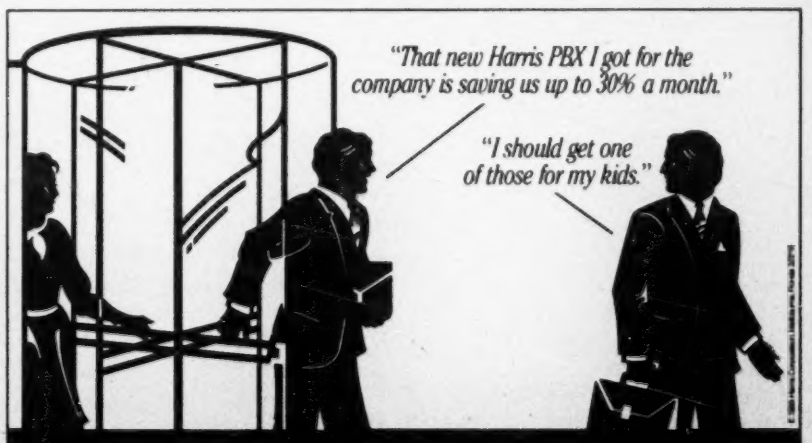
"High-performance vehicles are my business. And U.S. Trust has given me investment vehicles that perform. I like that."

C.S. Hapgood
Automotive entrepreneur

Being flexible, imaginative and fast in meeting special family financial needs is a particular specialty of U.S. Trust. Please contact Mary B. Lehman, Vice President, United States Trust Company of New York, 11 West 54th Street, New York, NY 10019. (212) 887-0446.

U.S. Trust

When you do something very well you simply cannot do it for everyone.



FOR YOUR INFORMATION, OUR NAME IS

HARRIS

For more details on how our communication systems can help your company cut costs, call 1-800-4-Harris, Ext. 10

HARRIS

From a land of limitless possibilities 20 years ago, Canada transformed itself into a bristly, chauvinistic spendthrift. Now it is having its own version of the Reagan revolution, and smart U.S. businessmen and investors smell opportunity.

Good neighbors again

By Edwin A. Finn Jr. and Richard C. Morais

CANADA BLEW IT. Our northern neighbor could have had the best of all worlds: French culture, British-style government and a U.S. business climate. Instead, it got French-style government, a British business climate and U.S. culture.

But that's changing fast, at least the business environment. Nothing better illustrates the new Canada than its intense, and successful, lobbying in the Finance Committee of the U.S. Senate earlier this month. Joining Ronald Reagan in some strong-arm tactics, Prime Minister Brian Mulroney's Progressive Conservative government prodded the committee to let the U.S. start free-trade talks with Canada. More than any other measure, a free-trade pact would end Canada's economic and political isolationism and bring its economy into the modern age *(see box, p. 134)*.

Since Mulroney was elected 20 months ago, he has dismantled many nationalistic, antibusiness regulations imposed during the Trudeau years. Like Reagan and Margaret Thatcher, Mulroney is part of this decade's worldwide revival of capitalism. Ideological and confrontational Mulroney is not, but neither is he a prisoner of the outdated, semi-socialist ideas that infected so many of his predecessors.

In his brief time in office, Mulroney has already deregulated Canada's oil industry and has started on transportation and financial markets. Even more significant, Mulroney gutted the National Energy Program, which had forced non-Canadian oil companies to sell billions of dollars of assets, and the Foreign Investment Review Act, which had stunted foreign investment since its passage in 1974. He has brought Canada back from the economic isolationism that was crimping the nation's growth, increasing its unemployment and depressing its standard of living.

"Investment in Canadian industry is once again a matter of business judgment rather than political gamble," says Arden R. Haynes, chairman of Imperial Oil Ltd., Exxon's Canadian affiliate.

U.S. companies have been quick to respond. The biggest coup is General Motors' decision to spend $1.44 billion expanding its car plant in Oshawa, Ont., about 30 miles east of Toronto. "Canada continues to be one of the world's best-kept secrets," says George A. Peapples, president of GM Canada.

Merrill Lynch was surprised when a worldwide study identified Canada as one of its best expansion opportunities. Since that McKinsey & Co. study, Merrill Lynch Canada has enlarged its underwriting and trading operations and acquired a major Canadian merger and acquisition firm. Merrill Lynch's Canadian revenues were up 49% last year.

Sears, Roebuck is certainly bullish. "As soon as the political climate changed [in 1984], we saw an almost instantaneous economic resurgence, and we started to open the throttle on capital spending," says Richard Sharpe, chairman of Sears Canada Inc. Sharpe more than doubled capital spending, to $45 million, last year, upgrading nearly a quarter of his 75 stores.

Canapress Photo

Before Mulroney's election Sears' capital spending was "just enough to keep the roof from leaking," points out Sharpe, who adds that Sears Canada's profit doubled last year, to $54 million.

Other people are rediscovering Canada, too. Investment applications from foreigners jumped 20% for the ten months ended Apr. 20. Foreign holdings of Canadian stocks and

Prime Minister Brian Mulroney addressing the House of Commons in Ottawa
Seeking an end to Canada's economic and political isolationism.

bonds rose 19% last year.

Has Canada's stock market responded? Not spectacularly. The Toronto exchange last year climbed 21%, lagging the 26% increase in the S&P's 500. And in the first quarter Toronto inched up only 5% as against a 13% rise for the S&P's 500. But that limp performance was attributed mainly to declining oil stocks.

Individual Canadian stocks, on the other hand, have appreciated handsomely. Shares of Celanese Canada have shot up 81% since year-end, largely because of lower petroleum feedstock prices. CDC Life Sciences rose 43%, partly on the strength of its new heart drug.

Then there's CAE Industries Ltd., the auto and defense electronics company whose shares have climbed 86% since the end of 1985. CAE shares should continue to outperform the market, says Ross Healy, head of research at Merrill Lynch Canada.

The fuel for such price rises is Canada's energetic economy, which grew 4.4% last year. That's a faster growth rate than for any other major industrialized country. The pace is expected to slow only slightly this year, keeping Canada among the world's hottest industrialized economies. Capital spending, meanwhile, rose a robust 8% in 1985, double 1984's rate. It probably will increase a bit this year, a Herculean feat in light of steep spending cuts in Canada's oilfields.

If there's a nagging concern, it's Canada's budget deficit. It remains 30% greater than the U.S.' deficit as a percentage of GNP. The resultant government borrowing helped push interest rates as much as 4½ percentage points above the U.S. rates.

Mulroney waffled on his budget-cutting pledges in his first year, trimming the deficit a Milquetoast 11%.

Lately, however, the prime minister's cost-cutting zeal appears renewed, and businessmen are expressing relief. "It's taking a bit longer than we expected, but I think Mulroney's getting his act together," says Robert Collins-Wright, chairman of Whirlpool Corp.'s Canadian subsidiary, Inglis Ltd.

One cause for optimism is Mulroney's most recent budget. It calls for a further 16% reduction in the deficit, to $21.2 billion, in the fiscal year that began Apr. 1. After an initial hesitation, the financial world showed its approval, keeping the Canadian dollar firmly at 72 U.S. cents. In the weeks before the new budget was unveiled, skepticism on Mulroney's budget-cutting resolve had pushed Canada's dollar below 70 U.S. cents.

The Canadian dollar is likely to jump even higher if Mulroney sticks to his guns. "If we get this deficit down . . . then there's going to be a little lift under our currency," Finance Minister Michael Wilson told FORBES.

Some investors agree. They are buying Canadian shares, both to participate in the strong economy and to benefit from what they hope will be a higher Canadian dollar. Gilbert de Botton, president of London-based Global Asset Management, has been buying shares of Alcan Aluminium Ltd., partly on the assumption that the Canadian dollar is undervalued. "We feel aluminum prices have bottomed out, so we could buy Alcoa or Reynolds or Kaiser Aluminum, but the depressed state of the Canadian dollar makes Alcan the number one opportunity," says de Botton.

Brian Walker/First Light-Toronto

Finance Minister Michael Wilson
A little lift for Canada's dollar?

Murray Grossner, an analyst at Richardson Greenshields in Toronto, recommends Brunswick Mining & Smelting, a zinc company that hasn't enjoyed the recent runup of competitors like Cominco Ltd. Grossner sees Brunswick Mining's share price increasing by as much as 50% over the next year, as zinc continues to fight back against substitutes. "Ford used to make its Cougar grilles out of plastic; now they've gone back to zinc. And zinc is used in rustproofing, too," he says.

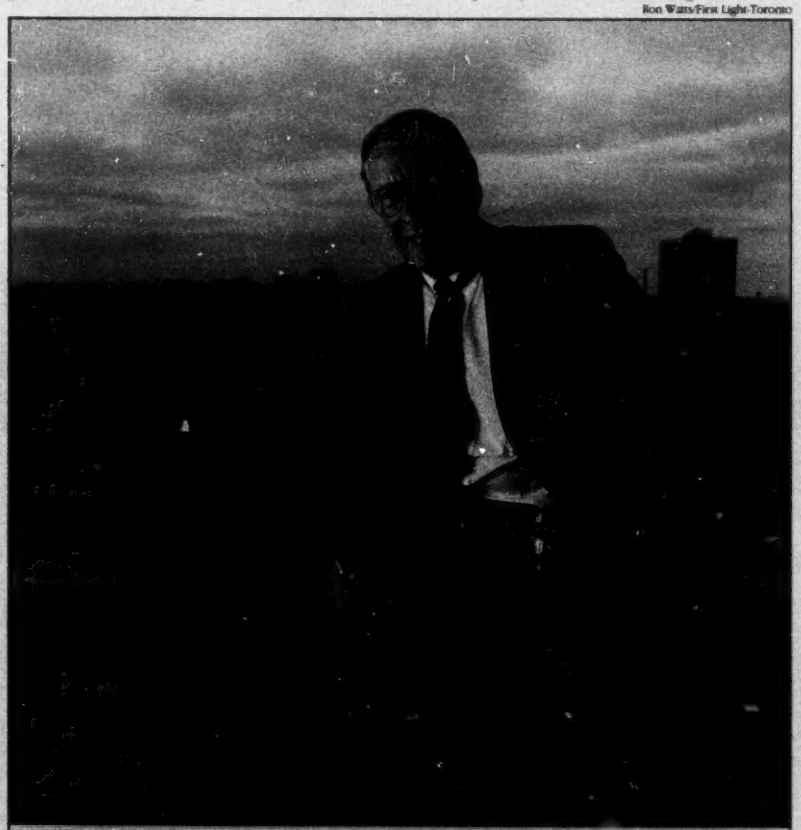
For an even longer-term play, look at Canadian Pacific Ltd. John Templeton's funds are shareholders, and the Bronfmans are said to have just bought a 2% stake for about $70 million. Investing in Canadian Pacific is something like buying into a Canadian mutual fund. It's in hotels, airlines, oil, lumber, railroads, real estate, steel, mining and shipping.

The conglomerate has been hurt by soft oil prices, but it has thousands of acres of oilfields and timberlands. Some of the properties were acquired more than 100 years ago and are carried on the books at 19th-century prices. The difference between historic and current values is $8 billion—$26 a share on a stock that sells for around $13.

Canada's banking sector is also attracting investor attention. Two big Canadian banks closed last year, depressing the entire industry. But some smart investors, including the Templeton funds, are buying into Canadian banks that have little energy or Third World debt exposure. The Bank of Nova Scotia is a prime example, analysts say.

Not that Canada's old welfare-state psychology is entirely dead. "Canadians are program junkies," says Desmond Morton, a University of Toronto history professor. Indeed, they defend their programs with a passion that borders on Parisian. Take the $14 million-a-year program that gave young people nine-month jobs and recommended they eat more granola and less red meat. The program's elimination this spring prompted its founder, Liberal Senator Jacques Hébert, to launch a 22-day hunger strike in the Houses of Parliament, spending his nights in a sleeping bag on the building's marble floor and his days

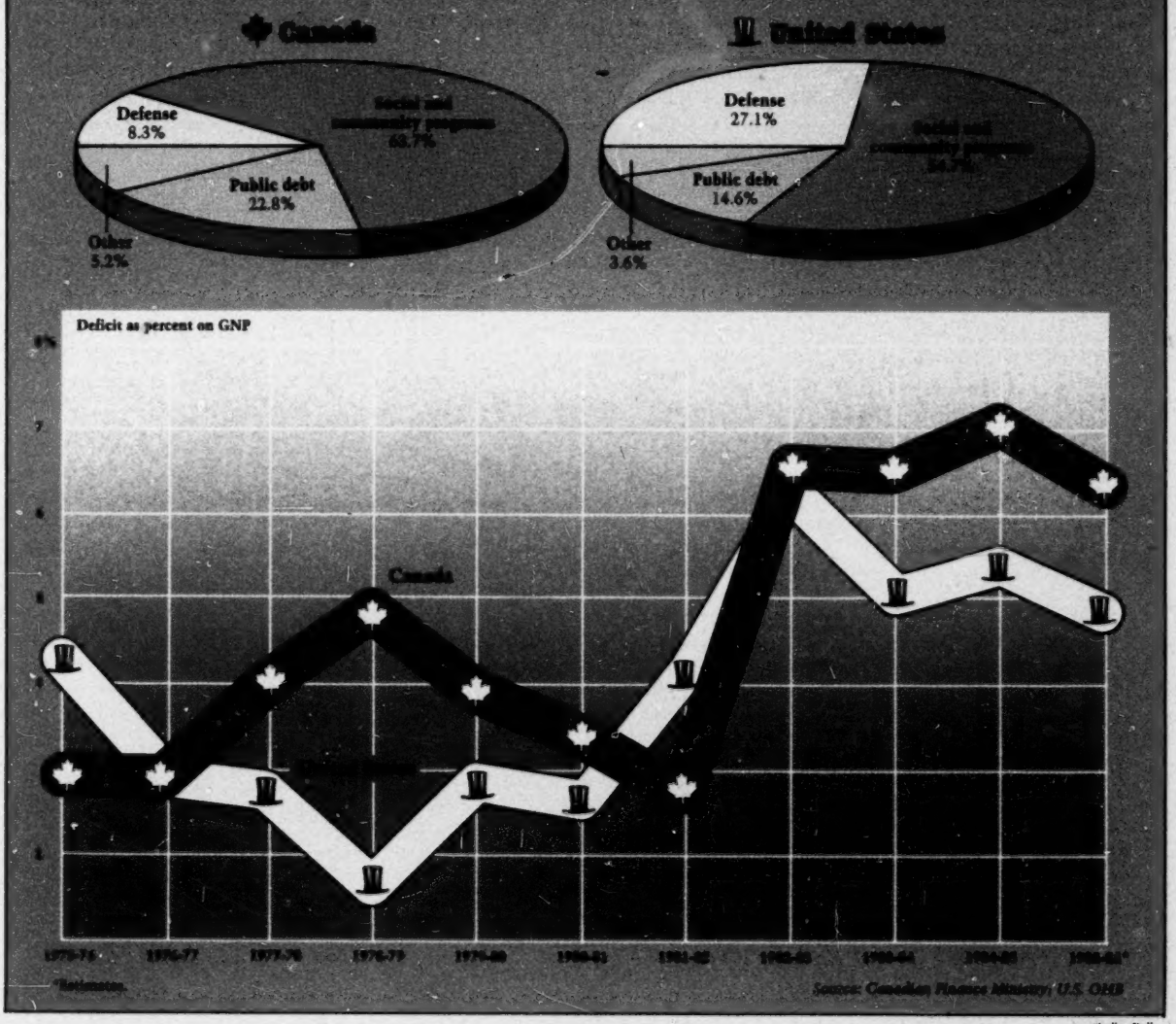
Ron Watts/First Light-Toronto



Richard Sharpe, chairman of Sears Canada, in Toronto
Before 1985, he spent "just enough to keep the roof from leaking."

Curing Canada's "program junkies"

Canada's most persistent problem, its budget deficit, remains 30% greater than the U.S. deficit as a percentage of GNP. Mulroney has begun to trim Canada's generous social programs, but he'll have to cut deeper. Otherwise, the Canadian dollar could be driven as low as 60 U.S. cents.



Shelley Dell

sitting on a sheepskin beneath an 8-foot-high painting of King George V.

"Mulroney has no compassion," Hébert says, echoing the slogan many U.S. leftists hurl at Ronald Reagan. "Unless we make some drastic changes, many of our young people will never work in their lifetimes. . . . For them, I have to go to the limits of my strength."

Canada's unemployment rate remains at a worrisome 9.6%. But it is doubtful that Hébert's programs are the answer. Unemployment stood 2% higher when Mulroney took office from his free-spending predecessors.

In the end, Mulroney will be forced to cut more programs. If he turns squeamish—and his ministers insist he won't—the Canadian dollar will get buried by foreign exchange traders, sending Canada's economic resurgence into a tailspin. "The Mulroney people will bend heaven and earth to bring their budget in on target," says Merrill Lynch's Healy. "If they don't, the dollar will take the deep six for another 10 cents."

Scrambling to get its affairs together, the Canadian government itself has become an investment opportunity. The government has already sold four state companies for $341 million, including unprofitable de Havilland Aircraft to Boeing Corp. And some huge share offerings are expected. "We've only scratched the surface," says Robert de Cotret, president of Canada's Treasury Board and supervisor of privatization.

In fact, the bulk of Canada's 54 state-run companies, with total assets of $38.4 billion, is being readied for the auction block. That includes Air Canada, with $1.8 billion in sales last year; Petro-Canada, with $6.5 billion in oil and gas assets; Teleglobe Canada, which has a monopoly on placing

the country's overseas phone calls; and Canadian National Railway Co., which has $5.4 billion in assets, including seven luxury hotels.

To be sure, direct investment in Canada means accepting more government involvement than in the U.S. That's the way Canada is. Yet some companies are turning that to their advantage. Pay and benefits for an autoworker in Oshawa, for example, are 30% less than for an autoworker in Detroit, partly because Canada's national medical plan effectively cuts GM's benefit costs.

Or take the tale of two plants being built by TIE/communications, the Shelton, Conn.-based maker of telephone systems. Its Quebec plant, built ahead of schedule, cost 30% less than a comparable New Jersey plant. The reason: fierce competition among Quebec builders and a 50% government grant worth $5.2 million for all land, building and equipment.

That's not all. Once the plant was running, Hydro-Quebec paid 50% of TIE's first-year energy bill and 10% thereafter. Then the federal and provincial governments provided grants of around $6 million for research and employee trainee programs.

Despite such opportunities, there are investment pitfalls. Slack oil prices indicate several years of slow

Moosehead beer, anyone?

Washington is knee-deep in protectionist trade bills, and that troubles Canadians. Things are so bad that the Senate Finance Committee, irked by cheap Canadian lumber imports, almost squelched upcoming negotiations aimed at ending trade barriers between the U.S. and Canada.

To the folks up in Canada, these free-trade talks are vital. After all, the U.S. buys 80% of Canada's exports, so the prospect of being closed out of the U.S. market is especially bothersome for Canadians.

Take the makers of Moosehead Beer, based in Saint John, N.B. Moosehead trucked 144 million bottles of beer into the U.S. last year, almost as much as it sold in Canada. Deterred by law from expanding in Canada beyond New Brunswick and Nova Scotia, Moosehead Breweries Ltd. launched an aggressive U.S. sales campaign in 1978, allowing the company to double output. Now Moosehead simply can't afford to lose the States as a market.

Neither can Canada. Two million Canadians, or 16% of the country's workers, owe their jobs to exports bound for the U.S. Clearly, what Canada wants from trade talks is free and guaranteed access to the U.S. market.

For many Canadian companies, the only road to increased sales is the one Moosehead has taken, south of the border. "If we want to grow any more, we've got to get into a bigger, compatible market, and that's the States," says Ron McLean, sales manager at Dominion Blueline, a Montreal-based stationery company.

What's more, guaranteed access to the U.S. marketplace would help Canada attract foreign companies. It's already using its limited access to woo Asian and European companies. Hyundai, the South Korean auto manufacturer, has agreed to build a $216 million plant in Bromont, Que. that will serve both the U.S. and Canadian markets. And Kirin Breweries Co., which is Japan's largest beermaker, is eyeing Canada as the home for a North American brewery.

The pitch is that foreign companies can build plants in Canada to service a combined U.S.-Canadian market of 265 million consumers. That's a lot more interesting than selling Canada alone, with its 26 million people.

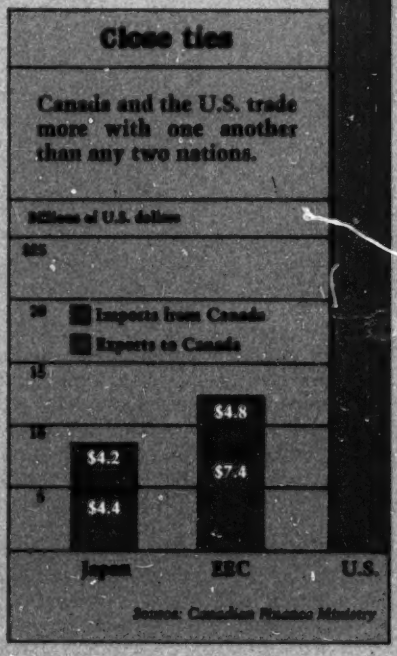
Then there's the need to restructure Canadian industry, eliminating companies that have grown fat behind the armor of protective tariffs. Expected losers in the shakeout will turn up in Canada's clothing, textile, shoe and furniture industries. The winners generally will be oil, chemicals and other natural resource companies.

Free trade elicits predictable howls of protest from Ontario and Quebec provinces, which have the largest number of protected industries. But that protection comes at a price: One study estimates consumers in British Columbia alone pay an extra $301 million a year for goods and services because of protective tariffs that mainly benefit Ontario and Quebec.

Negotiations with the U.S. are likely to begin this month, despite opposition from suspicious provincial premiers, labor unions and U.S. lumber companies already bludgeoned by inexpensive Canadian imports. Government officials on both sides of the border say an accord could be reached by 1988, though it probably will omit some products and be phased in over a ten-year period.

U.S. companies are watching Canada intently. AT&T and Rockwell International, for instance, are salivating at the thought of Canada's $2 billion telecommunications market, which is now highly protected.

As for Brian Mulroney, Canada's prime minister, he has little choice but to negotiate. John Crispo, professor of political economics at the University of Toronto, puts it this way: "We can't sustain any of our recent economic gains without a trade deal with the U.S. We desperately need that market."—E.A.F.



René revisited

René Lévesque, once dubbed the Fidel Castro of the North, terrified Canada's business community when he was elected premier of Quebec province in 1976. He made French the official language and tried to get the province to secede from Canada. Such nationalistic initiatives prompted about 100 companies—including giants like the Bank of Montreal and Sun Life Assurance—to move operations from Quebec to more hospitable provinces.

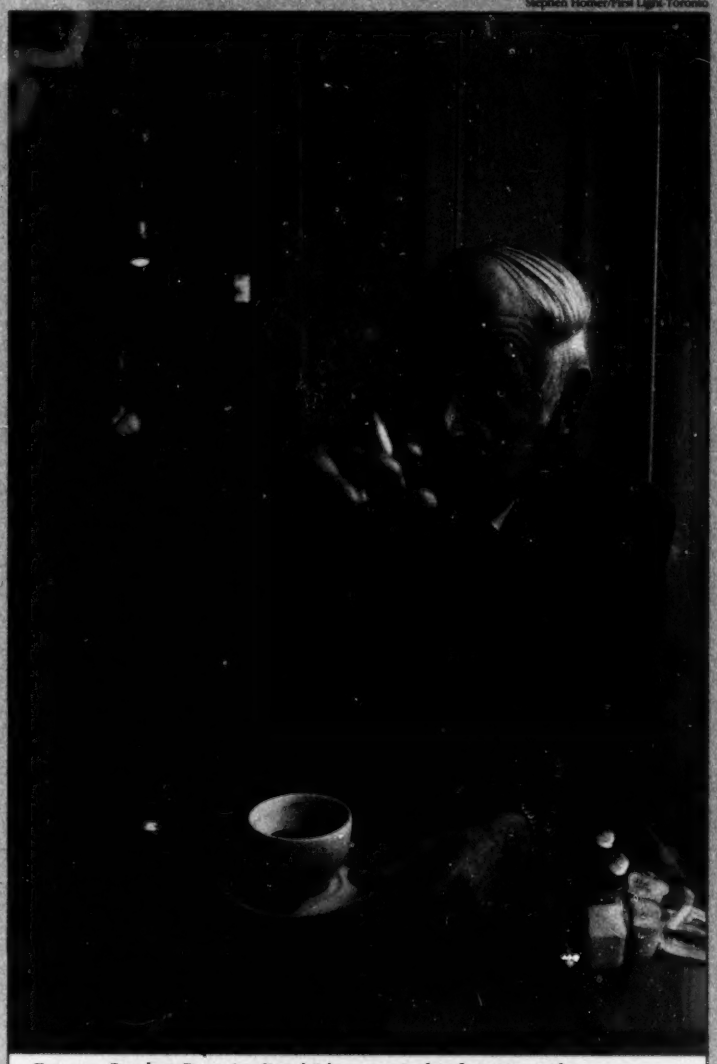
Sipping mineral water in a smoky Montreal cafe, René Lévesque doesn't sound much like a radical these days. Free trade with the U.S. is vital to Canada's prosperity, he says; government fat must be trimmed.

Lévesque didn't so much move to the right as get pushed. He was forced out of office in 1985 largely because a recession had driven unemployment up to 13.9% in Quebec during his tenure. Now he speaks proudly of Quebec's emerging entrepreneurial spirit: New listings on the Montreal Exchange jumped 37% last year, and francophones now control around 40% of economic activity, up from 15% in the 1960s.

Lévesque, 63, insists that the issue of separatism will resurface in Quebec one day, but without its previous antibusiness and isolationist overtones. "Maybe it will be led by the business class," he says of the future movement. "An independent Quebec made up of a new generation of go-getters, of marketing connoisseurs roaming throughout the world, needs a Quebec completely opened up."

Like most of his fellow Canadians, Lévesque seems to have warmed to capitalism. For his memoirs, now nearly complete, he has accepted French and English advances of $144,000, which are among the largest in Canadian publishing history.—R.C.M.

Stephen Homer/First Light-Toronto



Former Quebec Premier René Lévesque in his favorite cafe
A radical separatist warms up to capitalism.

growth, at best, for the western provinces, which depend heavily on natural resource industries. Media investments represent a real booby trap. The new government is forcing Gulf & Western to sell some of its Canadian publishing operations to Canadians. Although Mulroney wants Canada to open up to foreign capital, Canadians are extremely sensitive to Yankee penetration of Canadian culture.

Opportunities exist in Canada's oil sector, but government officials concede they don't want overall foreign ownership in the oil industry to creep much above the current 53%. Also, investors should remember that oil has been the first to feel the backlash of Canadian nationalism during past boom periods.

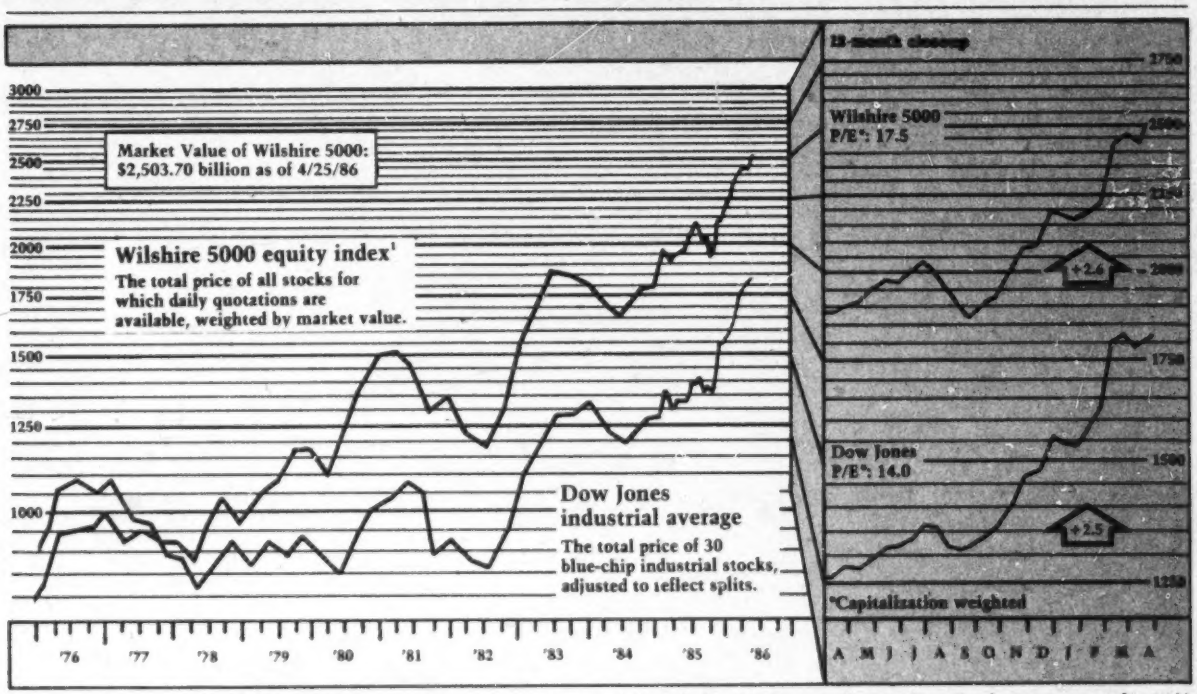
Political analysts predict Mulroney will be reelected to another five-year term before 1989, albeit with a reduced majority. But even if he is turned out of office, the winner is likely to be a fiscal conservative like Liberal leader John Turner. He's a former senior official of the International Monetary Fund, and he advocates halving Canada's budget deficit within seven years.

To understand how Canada has changed, listen to Anita Crosby, a 26-year-old Liberal saleswoman from Halifax. She grew so tired of spend-thrift programs that she voted for Mulroney in 1984, and she sees no change ahead: "Government spending has to be cut. That's general policy for whoever is in power."

Says the University of Toronto's Professor Morton, "When times get tough, we get terribly pro-American and cost-conscious. When times get better, we get a little more uppity with the U.S." Chances are good that Canada won't be getting uppity again for some years to come. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Return of the small stocks. While blue chips have done spectacularly well over the past year, over-the-counter stocks are only beginning to catch up. Thanks to a 3.5% gain in the last two weeks, the Nasdaq index has now inched 19% above the high it set almost three years ago. The two-week gain for o-t-c issues was well ahead of the 2.6% gain for the Wilshire index of 5,600 issues.

A 38% increase for Nasdaq issues over the last 52 weeks puts them ahead of the Big Board and Amex indexes but behind the 30 Dow industrials, which are up nearly 44%.

During the last four weeks riskier stocks did best. For example, high-volatility issues rose 6.7%, vs. a 2.6% rise for low-volatility stocks. And shares of the smallest 500 Wilshire companies in market capitalization gained 5.6%, vs. a 1.0% gain for the largest 500.

Investors who think small stocks are due a lot more attention now are buying small-company growth funds as a proxy for the Nasdaq. *(See story p. 121.)*

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.9	–0.7	0.8	1.3	1.3	5.1
in last 52 weeks	33.2	31.8	43.9	32.2	18.9	38.1

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.0	5.6	6.7	2.6	4.0	1.9	1.0	4.9	6.2	1.6	2.9	3.6
in last 52 weeks	35.6	43.2	69.9	35.4	31.7	45.7	28.4	49.3	58.7	40.5	47.7	27.4

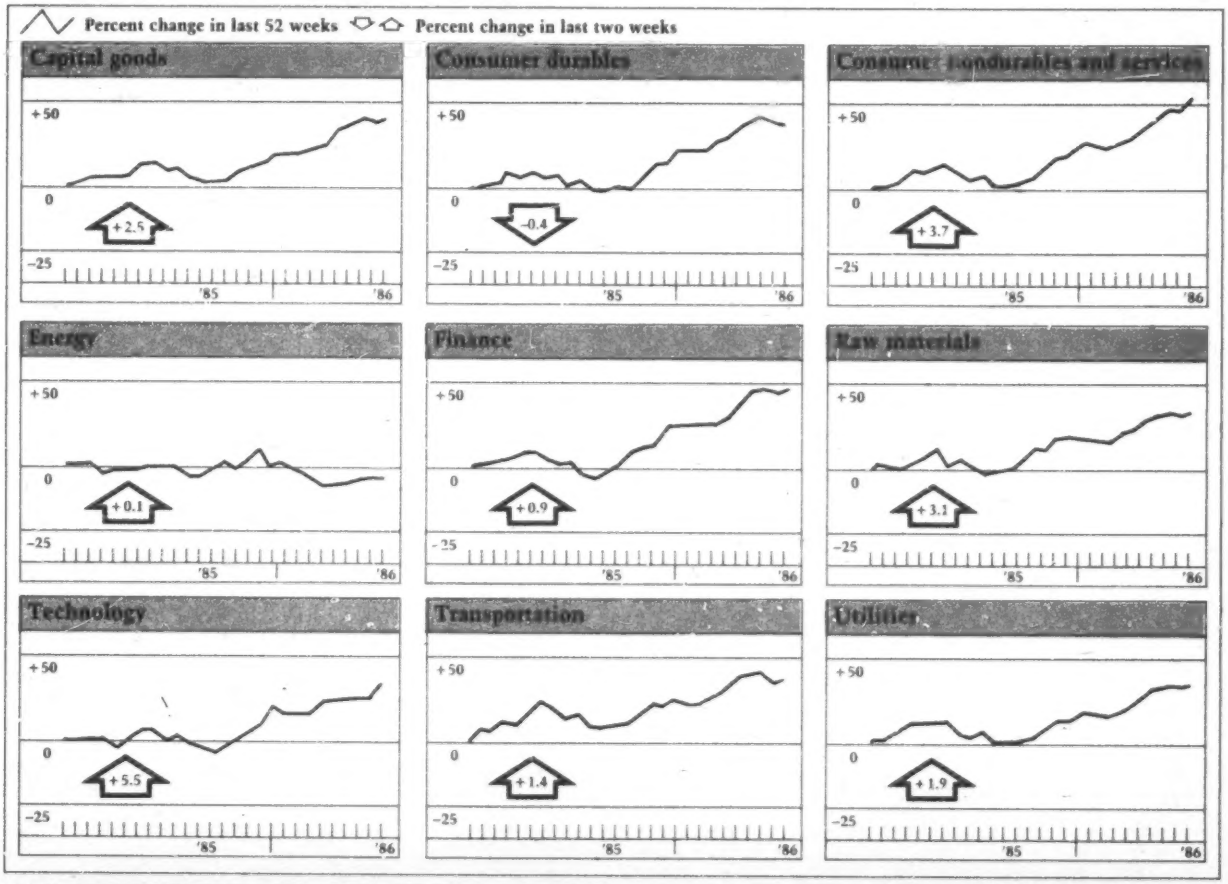
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/25/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Silicon and genes. Technology stocks beat the eight remaining Wilshire sectors with a 5.5% gain over the recent two-week period. The best-performing large-capitalization stock was Tandem Computers, which reported 81% higher quarterly earnings and rose 29.2%. Next was Cetus, a biotechnology issue that gained 27.7%. Sharp gains were also registered by Apple Computer, Texas Instruments and Microsoft. Microsoft, the leading provider of operating system software for IBM and IBM-compatible microcomputers, went public in March.

Declining sales of U.S.-built autos drove consumer durables to a 0.4% loss. The four worst stocks in this sector were American Motors, Ford of Canada, Chrysler and B.F. Goodrich.



What The Analysts Think

Energy isn't the only sector with problems. Analysts continue to make sharp cuts in their 1986 earnings forecasts for the energy group. But transportation stocks also came under the knife in the last two weeks as analysts slashed their 1986 forecasts by 4.3%. Main reason: Vacationers are being scared off by terrorism.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.97	16.3
1986 estimates	3.91	12.4
1987 estimates	4.52	10.8

Rank based on change in estimate	Group	Estimated 1986 EPS	P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer nondurables	$2.40	16.3	1.47%	1.69%
2	Finance	3.79	11.1	0.29	0.45
3	Consumer durables	4.34	9.9	0.19	-0.22
4	Utilities	3.45	9.6	-0.30	-0.41
5	Capital goods	2.72	15.2	-0.81	-1.45
6	Raw materials	2.14	15.3	-1.03	-1.24
7	Technology	2.76	15.2	-1.30	-1.64
8	Transportation	2.37	12.9	-4.32	-5.32
9	Energy	2.63	10.9	-7.24	-9.09

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 4/25/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kichen

PROFESSIONAL INVESTORS tend to beat rising markets and fall behind falling markets. The first quarter of 1986 is a case in point. The stock market was up 14.4%, but the pros gained 15.6%.

These results come from the Trust Universe Comparison Service maintained by Santa Monica, Calif.-based Wilshire Associates. The 15.6% for the professional investors is the median performance of equity investments of the pension funds tracked by TUCS, which collects data on approximately one-fourth of the estimated $1.4 trillion in pension assets. The market's 14.4% is the return, including reinvested dividends, of the 5,600 stocks in the Wilshire 5000 index.

Dale Stevens, a Wilshire vice president, sees reason for concern: "With almost a 40% gain over the last year, one has to wonder when pension managers are going to start locking up their profits and reducing their risk." Of course, it would be difficult for the institutions, as a group, to act on such concerns. They would be buying from and selling to one another—since individual U.S. investors are heavy net sellers of stocks, and foreigners are adding only $3 billion a year to their U.S. stock holdings.

The box at right, "Segment performance and cash flows," shows that stocks were the best investment for both the last quarter and the last 12 months. The "Shift in institutional holdings" shows where the pros are moving their money. Figures here are after adjustment to back out the effect of changing security prices; that is, a portfolio that went from $10 million to $11 million when all the stocks in it doubled would have experienced a withdrawal of funds. Except in their bond portfolios, the institutions continued withdrawing more than they contributed.

The average institutional equity porfolio is now selling at 2.62 times book value. As recently as last June, the portfolio was only 2.09 times book. TUCS data show that stocks with price/book ratios of 2.50 or greater fared better than their cheaper counterparts over the recent quarter. The popularity of high-priced stocks helps explain why growth managers did well (see "How different managers performed").

Bond managers had less to cheer about. Their median portfolio returned 7.3% for the quarter and 27.6% for the last four quarters. The Shearson Lehman Goverment/Corporate Bond Index, a proxy for the U.S. taxable bond market, was up 8.5% for the quarter, 28.9% for the year.

Where the institutions put their money

Segment	—Portfolio weighting— most recent quarter	previous quarter
Equity	56.3%	56.6%
Fixed income	31.4	29.8
Cash and equivalents	8.8	9.9
Convertibles	0.9	0.9
Other[1]	2.6	2.8

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	16.2	15.9
Dividend yield	2.9%	3.1%
Beta[2]	1.05	1.08
Price/sales	1.08	1.04
Price/book	2.62	2.47

Segment performance and cash flows

Segment	—Most recent quarter— median total return	shift in institutional holdings	——Latest 12 months—— median total return	shift in institutional holdings
Equity	15.6%	–6.5%	39.2%	–10.8%
Fixed income	7.3	0.7	27.6	0.2
Cash equiv	1.9	–10.2	8.2	–11.4
Convertibles	12.0	–8.9	30.8	–15.1
Other[1]	2.4	–3.1	11.8	–7.3
Total	12.2	–2.6	33.7	–10.3

How different managers performed

Manager style	Total return recent quarter	12 months	24 months
Diversified	13.9%	37.2%	20.7%
Growth	16.1	39.8	16.8
Growth—emerging	14.4	35.7	18.1
Market timer	14.1	33.2	15.7
Sector rotator	15.8	37.6	18.6
Value	13.6	35.8	22.0

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
Philip Morris	5.0%	34.4%	IBM	–7.8%	–1.9%
Amoco Oil	3.6	–3.9	Atlantic Richfield	–2.3	–17.2
Chevron	3.2	–2.6	Exxon	–2.2	3.0
General Re	2.1	21.3	General Electric	–2.0	8.7
Ford Motor	1.8	42.8	Schlumberger	–1.8	–12.2
American Express	1.6	30.4	AT&T	–1.7	–10.3
Chrysler	1.6	45.3	Bell Atlantic	–1.5	18.4
USG	1.3	44.7	Texaco	–1.1	2.7
Digital Equip	1.2	19.1	RCA	–1.1	6.7
US Steel	1.2	–15.3	Union Carbide	–1.1	59.4

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts.
[2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P's 500.
Note: Data for quarter ending 3/31/86. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
	% of			% of	
Security	institutional universe	Wilshire 5000	Security	institutional universe	Wilshire 5000
Digital Equipment	0.9%	0.4%	Exxon	0.5%	2.3%
American Express	1.0	0.5	IBM	2.9	4.4
General Re	0.6	0.2	AT&T	0.3	1.3
Chrysler	0.6	0.2	Amoco	0.4	1.0
Phibro-Salomon	0.6	0.3	Shell Transport & Trading	0.1	0.6
Ford Motor	0.7	0.5	Royal Dutch Petroleum	0.4	1.0
Synsex	0.3	0.1	General Electric	1.1	1.5
Citicorp	0.5	0.3	BellSouth	0.3	0.7
McDonald's	0.5	0.3	Standard Oil	0.2	0.6
Waste Management	0.4	0.2	Allied-Signal	0.0*	0.4

Trading places. Energy stocks dropped from 12.5% of the average institutional portfolio to 10.2%. Some of that shift was involuntary: Oil stocks lagged the market. But the institutions were doing some selling, too. The net result was a declining share of their portfolios invested in Arco, Schlumberger and Texaco. But Amoco Oil, Chevron and U.S. Steel, which owns Marathon Oil, were among stocks showing the greatest increase in institutional holdings in the last quarter. Besides looking for short-term trading opportunities, the institutions apparently placed their bets on oil companies with healthier finances.

In the last quarter technology stocks fell from 15.1% of the institutional equity portfolio to 14.9%. A major portion of this drop stems from a 7.8% decrease in IBM in pension portfolios. Meanwhile, holdings of raw materials rose from 10.6% to 12.4%.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	4.9% 4.0%	Consumer durables	4.9% 4.5%	Consumer nondurables	28.2% 29.2%
	total return		total return		total return
General Electric	8.7%	General Motors	24.6%	McDonald's	19.5%
Caterpillar Tractor	25.7	Ford Motor	42.8	Sears, Roebuck	28.2
Westinghouse Electric	24.1	Chrysler	45.3	Coca-Cola	25.5
Emerson Electric	13.7	Goodyear Tire & Rubber	14.5	Wal-Mart Stores	23.7
Deere & Co	21.8	RCA	6.7	SmithKline Beckman	21.5
Energy	**10.2% 12.5%**	**Finance**	**12.9% 12.2%**	**Raw materials**	**12.4% 10.6%**
	total return		total return		total return
Exxon	3.0%	American Express	30.4%	Allied-Signal	11.0%
Royal Dutch Petroleum	0.8	General Re	21.3	El du Pont de Nemours	14.0
Atlantic Richfield	–17.2	Phibro-Salomon	29.1	Waste Management	32.8
Mobil	–4.8	American Intl Group	27.5	Dow Chemical	28.7
Schlumberger	–12.2	Citicorp	27.6	US Steel	–15.3
Technology	**14.9% 15.1%**	**Transportation**	**3.9% 3.2%**	**Utilities**	**7.7% 8.7%**
	total return		total return		total return
IBM	–1.9%	Burlington Northern	10.7%	GTE	18.4%
Digital Equipment	19.1	Norfolk Southern	22.2	Pacific Telesis Group	11.7
Boeing	9.8	AMR	38.4	Nynex	22.7
Hewlett-Packard	19.9	CSX	23.3	Southwestern Bell	10.6
Minnesota Mng & Mfg	18.4	Union Pacific	2.5	US West	14.7

*Exact figure is 0.01%.

JUNE 2 1986

C3950-1

JUNE 2, 1986 THREE DOLLARS FIFTY CENTS

Forbes

SPECIAL REPORT
BEST-PAID CHIEF EXECUTIVES, REALLY!

EXECUTIVE COMPENSATION

WHY THE BOSS DOESN'T ALWAYS GET TOP DOLLAR

******** CAR-RT SORT ** C802
12910378 S2 22 0042
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

74820 08317

Forbes

JUNE 2, 1986
VOLUME 137
NUMBER 12

The editorial index of companies referred to in this issue is on pages 254 and 255.

COVER STORY

145 The Babe Ruth Syndrome
The compensation of chief executives is fascinating stuff. But take a look at some folks who take home really big bucks.

150 How Much The Bosses Earned In 1985
Running a large corporation has its rewards. Megamoney is not always one of them.

COMPANIES

44 John Blair & Co.
If this is a damsel in distress, it's her own darned fault.

51 Twin City Federal Savings & Loan
An S&L from Minneapolis tries to make money fast in New York City real estate.

71 Zale Corp.
The nation's largest jewelry retailer on the block? The Zales say no way. For now.

90 Cineplex Odeon
A Canadian showman is remaking the U.S. movie theater industry.

98 The Up & Comers: A Personal Affair
Sometimes the best companies are created not for profit but for love. Consider Salick Health Care, Inc. Also: Consultant Dixon Doll; Chips & Technologies.

124 First Chicago Corp.
Six years after Barry Sullivan took the helm, his bank company still languishes.

191 Kaufman & Broad, Inc.
Uh, oh. Eli Broad is buying things again. This time, however, it might work out.

194 Pacific Southwest Airlines
PSA has tough competition and fat costs. So why its high-flying market value?

INTERNATIONAL

38 Terror's Bottom Line
Does the Palestine Liberation Organization secretly control a $5 billion investment empire? Forget it.

84 "Everybody Plays In Trade"
An ex-Commerce Department trade negotiator explains why the rising yen won't soon calm U.S.-Japanese trade tension.

110 A Form Of Flattery
Copying U.S. retailing concepts has helped Masatoshi Ito become a billionaire.

LABOR

74 "Least-Regulated Money In The Country"
Union benefit funds are even harder to police than pension funds. And there is more to be ripped off.

DEPARTMENTS

6 Side Lines
8 Trends
12 Follow-Through
17 Readers Say
21 Fact and Comment
24 Other Comments
27 Fact and Comment II
257 Flashbacks
258 Thoughts

COLUMNISTS

241 Ben Weberman
242 Susan Lee
244 Ann C. Brown
246 Kenneth L. Fisher
248 Srully Blotnick
250 Stanley W. Angrist

MONEY & INVESTMENTS

29 What's Ahead For Business
30 The Forbes Index
231 The Forbes/Wilshire 5000 Review

Cover illustration by Ed Koren

38 *Terror's bottom line*

214 *Will computers be the edge?*

FINANCE

36 Who's In Charge?
Summit conferences propose, markets dispose. Witness what the Japanese did to the U.S. bond market last month.

118 Creative Financing
Politicians are not always good businessmen; here is an exception.

INVESTING

34 Desperately Seeking Zolp
They say the man could sell voodoo dolls to nuns.

35 Less Than Zero?
Do you want to pay taxes on interest you never receive?

234 Statistical Spotlight: Looking Past Chernobyl
How safe are those fat utility dividends?

237 Should You Switch?
A caution for holders of whole life insurance.

238 The Money Men: The Overseas Hedge
Neither terrorist bombs nor currency hazards are hindering General Electric's pension fund.

252 The Streetwalker
Viacom International; Shaklee Corp.; Todd Shipyards Corp.; Lear Siegler Inc.; RB Industries, Inc.; Centex Corp.; Walbro Corp.

ON THE DOCKET

125 Pyramid Power
Want to protect yourself in case of a lawsuit? Here's one way not to do it.

TAXING MATTERS

127 L'eggs On Their Faces
An IRS ruling on packaging has consumer products companies screaming.

NUMBERS GAME

139 Plenty Of Opportunity To Fool Around
What do open marriages and the accounting rules for changes in foreign exchange rates have in common?

PERSONAL AFFAIRS

198 A Little Bit Of Heaven
The groupie house is one cheaper way to own a vacation hideaway.

MARKETING

206 Broadway Joe Doesn't Sell Here Anymore
The perils of selling with successful athletes. Also: Goodbye to the Marlboro Man; Selling Synanon.

SCIENCE & TECHNOLOGY

214 Shiver Me Bits And Bytes
Will computer-designed boats win the America's Cup? Also: Polk Audio Inc.

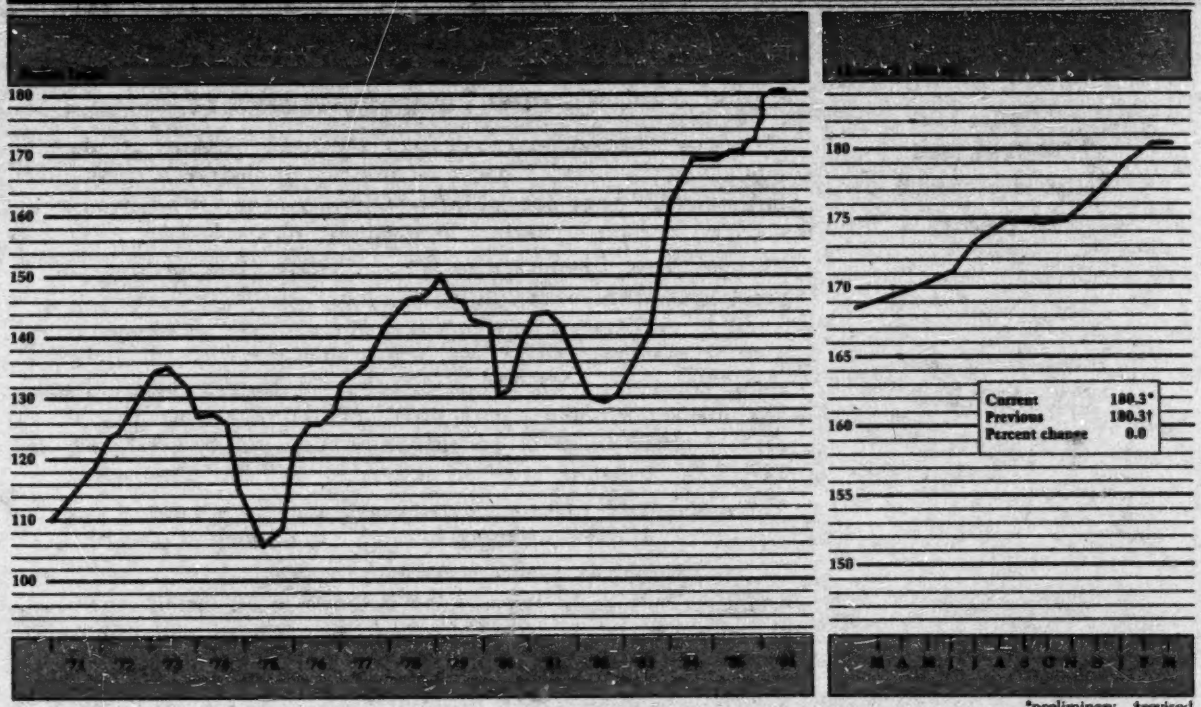
FACES BEHIND THE FIGURES

222 William E. Simon, *former Treasury secretary*
222 Edward Linde, *Boston Properties*
223 Russell Hogg, *MasterCard International*
223 Keith Harris, *Morgan Grenfell*
226 Richard J. Bowdren, *postal inspector*
226 Catherine Barre, *Brosse U.S.A.*
228 James Fifield, *CBS/Fox Video*
228 Stuart Karl, *Lorimar-Telepictures*

June 2, 1986 Volume 137 Number 12 Forbes [ISSN 0015 6914] is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



*preliminary †revised

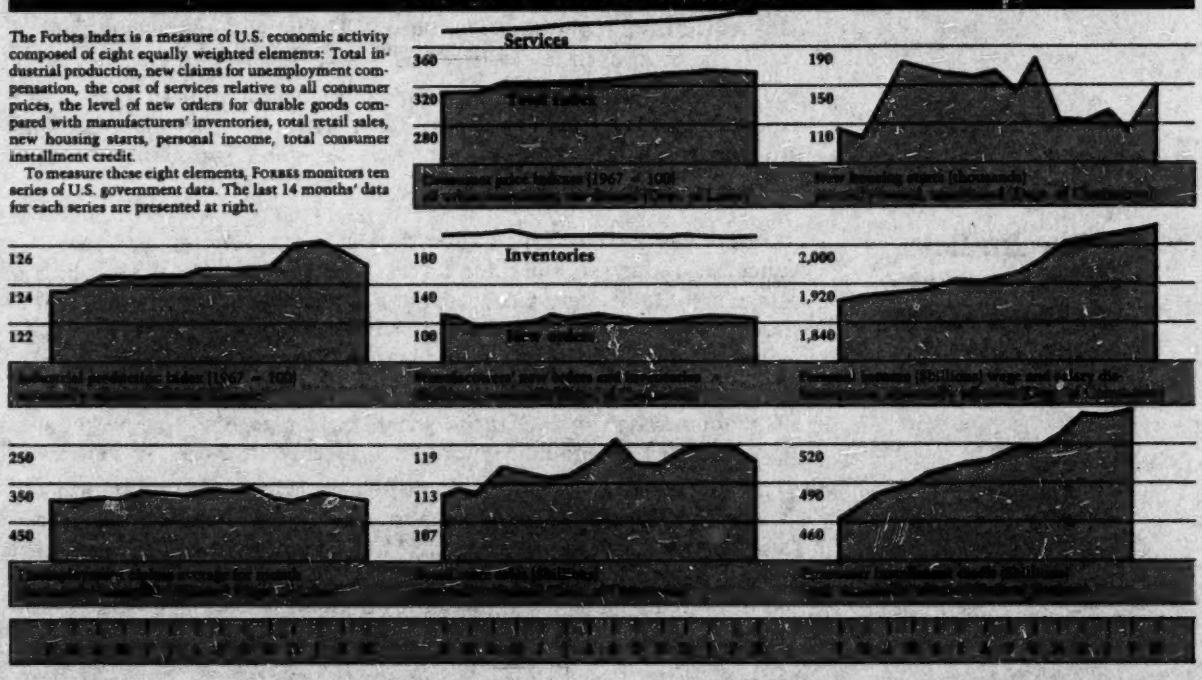
Gridlock. The Forbes Index remains unchanged, at 80% above its 1967 base year. It was the first time since February of last year that the Index failed to post a month-to-month gain. During March manufacturers' new orders for durable goods dropped 2.1%, while inventories increased 0.3%. Primary reason: low automobile sales and a depressed oil industry.

Relief for manufacturing may not come until the second half of the year, when the benefits of a lower dollar, cheaper fuel costs and lower interest rates should be fully felt. With the dollar's continued plunge, however, the central bank is not likely to lower interest rates further. More rate cuts could eventually aggravate the inflationary pressure of a declining dollar.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Have you heard the persistent whispering that the Palestine Liberation Organization secretly controls a $5 billion investment empire and is growing richer all the time? Forget it.

Terror's bottom line

By Besh Kestin

THE PALESTINE Liberation Organization is going broke. Saddled with surprisingly extensive health care and education programs, diplomatic missions and widows' and orphans' benefits, plus the military budget, Yasir Arafat presides over a political enterprise with a voracious, nine-figure appetite for cash. Unfortunately for the PLO chief, his ability to feed that appetite diminishes with each month.

FORBES interviewed dozens of diplomatic, intelligence and investment sources in the Middle East, the U.S. and Europe to assemble a reliable balance sheet for the Palestine Liberation Organization. It shows that, while the PLO's income from investments and contributions last year totaled about $154 million, its expenses came to at least $310 million. And since its costs of doing business are increasing, that deficit is growing inexorably. Which means that Arafat's tattered umbrella organization, which for now holds together eight disparate terror groups, could well collapse.

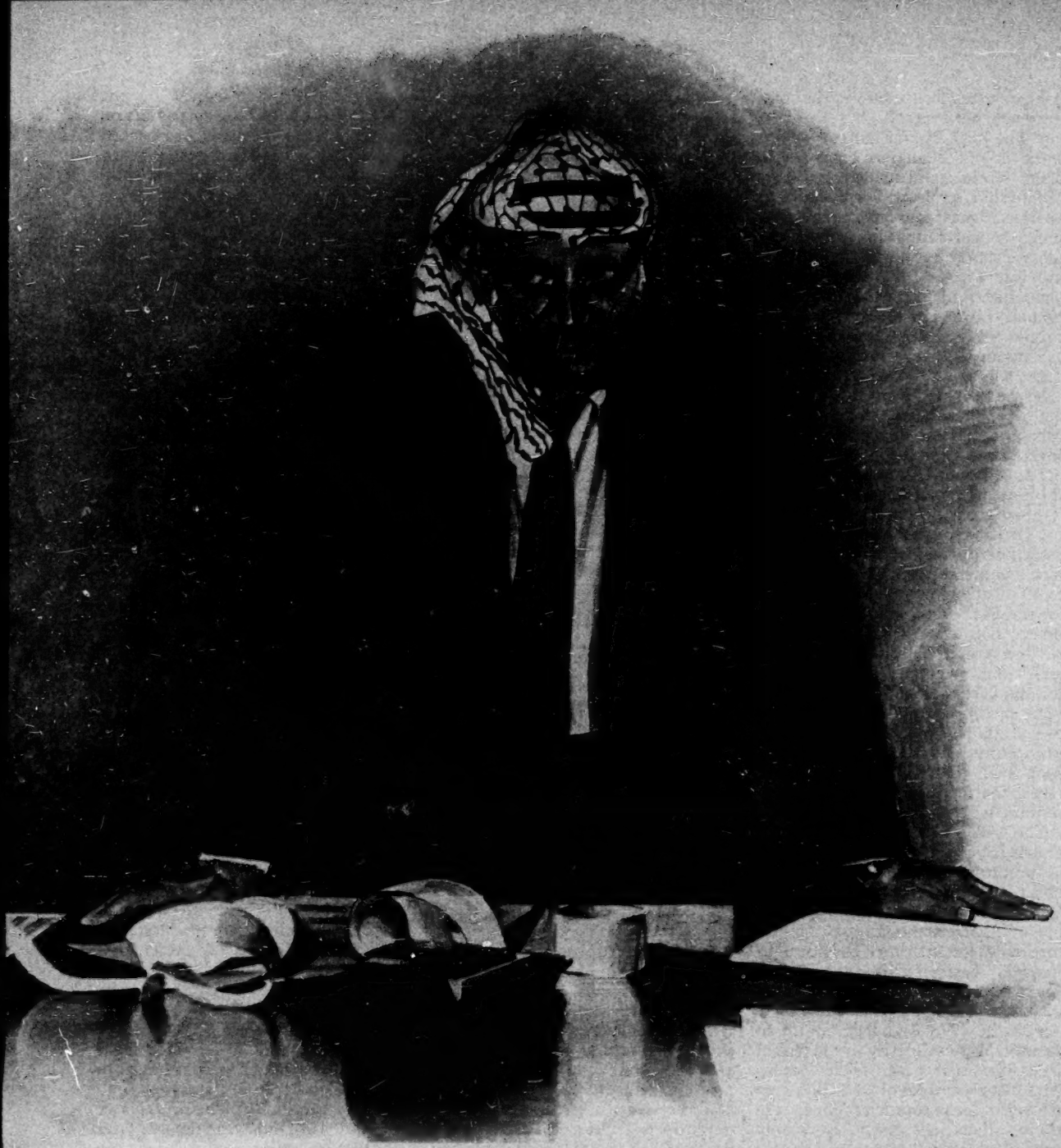
For U.S. interests in the Middle East, this is almost certainly not good news, since Washington sees the PLO as a moderating influence among Arab terrorist factions. Little-known fact: When the Israelis finally forced Arafat to abandon his Lebanon headquarters, the U.S. secretly paid $4 million to $5 million to evacuate up to 12,000 defeated PLO fighters from Beirut harbor in 1982. Washington kept it secret by having the U.K. government charter ships of the Cyprus-based Sol Lines and then repaying the British. To further tangle this tale, the Saudis now say they later reimbursed the U.S. Murky doings, but the thinking was clear: No matter what the world thinks of the PLO, it's the only bargaining agency the Palestinians have. Without it, as each PLO subgroup vies for leadership, we'll see more terrorism, not less.

Arafat's following hardly lends itself to orderly direction. PLO fighting forces, 12,000 to 14,000 strong, and about 4.6 million Palestinian civilians are scattered throughout 18 Mideast and North African countries. Of these, nearly half live in Israel, the Gaza Strip or on the west bank of the Jordan River.

The PLO is clearly in financial trouble and has begun playing the sort of slow-pay, no-pay games typical of the cash-starved. In Cyprus, for example, a diplomatic and operational key spot, where the PLO has always paid its bills, the local office recently had to have its arm twisted to pay for damages caused by a bomb in a house it rented, and a travel agency is suing for nonpayment of air tickets. Both claims total less than $15,000.

Here's the expanding expense side of the PLO balance sheet:

- Diplomatic and propaganda offices in some 100 countries cost about $50 million a year. Arafat has called for a 25% cut. No chance. The PLO's U.N. observer office, for example, now in its own five-story brick town house worth up to $3 million on Manhattan's posh Upper East Side, won't be moved to a scruffier neighborhood. Loss of this front of respectability would erode PLO stature.
- In 7 hospitals (in Egypt, Lebanon and Syria) and 20 clinics, the PLO offers Palestinians free medical services through the Palestine Red Crescent. Annual cost is $20 million. Arafat can't cut his Red Crescent without losing grassroots support—besides, his brother runs it.
- Sons of the Fallen is a PLO arm providing widows and heirs of Palestinian "martyrs" with pensions and free education. This costs $40 million and, as one PLO official ruefully admitted, every year there are more martyrs and higher costs. Cutbacks could further rip the PLO apart.
- To keep its place in the hearts and minds of Arabs living in areas controlled by Israel since 1967, the PLO normally spends about $90 million a year. That supports highly politicized



Alan Reingold

colleges, where some 15,000 Palestinians study (6,000 more are studying abroad, mostly in the Eastern bloc), subsidizes newspapers and pays for legal defense of captured terrorists.

An Arab convicted of terrorism routinely has his house torn down by Israeli authorities. Just as routinely, the PLO provides money to rebuild. It also lends money for housing, farming and small businesses. Now, though, it has cut these payments and subsidies to one-third their normal level. But there's a limit to parsimony. King Hussein of Jordan vies for power by moving money into the West Bank as well. He pays salaries, for example, to ex-civil servants in the area he controlled from 1948 to 1967. Without losing influence, the PLO can't cut back indefinitely.

● And all this is aside from the expense of providing for up to 14,000 fighting men: salaries, uniforms, shelter, transport, food, medicine, intelligence, communications, training, propaganda and dependent families. Apart from the cost of weapons, which the Russians are probably subsidizing, the tab is not less than $100 million. And this doesn't include another $10 million to support some 400 bureaucrats sitting in Tunis and supposedly running the show. Cutting back on their offices, villas, cars and perks could set off a palace revolt. And trimming among the field troops might provoke a replay of 1983, when 4,000 PLO fighters opted for Syrian support and turned their guns on Arafat's mainstream forces. In addition, as more PLO forces return, Lebanon is

going to take more money in the coming years, not less.

• The PLO also has an odd assortment of miscellaneous expenses in Third World countries, what it calls "friendship" projects. For instance, it operates at least four large and unprofitable model farms in Africa, and most recently had to dump $30 million into a new $100 million cement plant in South Yemen. Why? South Yemen was one of the few countries to take PLO troops after the Beirut evacuation. "A very marginal deal," said a banker close to it. "Rent."

So the PLO has few, if any, places to cut expenses. And the income side is even grimmer. Its finances suffered a severe blow when the PLO was driven out of Lebanon. Through its control of the ports, the PLO was able to import its own goods duty-free while charging "customs" for everyone else's. Sweetheart agreements with Eastern bloc countries brought cement and steel in at below-market prices, allowing PLO dominance of the Lebanese construction industry. (From a single captured Beirut warehouse, Israel carted away steel valued at $30 million.) At the height of its power, PLO factories profitably employed over 6,500 people making everything from army boots to films. The take from such traditional Lebanese cottage industries as smuggling and drug-running went, too.

The PLO's constituent terror groups have their own money—terror is, unfortunately, a cheap and cost-effective way of making your voice heard. But as one intelligence officer put it, "There's enough cash for terrorism but too little for a government-in-exile." Basically, the umbrella organization has only three sources of income, all unstable or drying up:

• At the 1978 Baghdad summit to promote Arab solidarity in the face of Israeli-Egyptian peace, seven countries pledged a total of $3 billion over ten years. Some countries reneged entirely, others just partly. Now only Saudi Arabia pays—a total of $29 million last year, far short of its $87 million commitment.

What happened to Arab solidarity? Declining oil revenues is the common excuse. But to Kuwait, for example, whose budget last year was $9.4 billion, an annual donation of $47 million is peanuts. The real explanation is the PLO's own political and military decline: Arab nations are less afraid of the organization than they were. Kuwait is simply paying a far smaller sum as bomb insurance to the PLO's subgroups. Libya has its own band of terrorists and refuses to pay at all.

• Taxation, voluntary or otherwise, is another source of funds. In theory, the PLO taps the pockets of 2.7 million Palestinians outside of Israeli control (Jerusalem taxes the 2 million within) through Arab governments, which tax resident Palestinians on the PLO's behalf. But only Kuwait, a sixth of whose population is Palestinian, regularly forks over—last year's take was $10.5 million. Other countries simply pocket the tax.

Wherever they are, Palestinians give out of sentiment or to cover themselves from the wrath of emissaries putting on the bite. But high estimates put revenues at less than $25 million a year from both taxes and contributions—not a lot, not about to grow.

The PLO's ominous balance sheet

Its growing expenses and shrinking income are a grim and virtually certain indicator that terrorism will only get worse.

Income (millions)	
Return on $1 billion in investments (mainly U.S. and Western European securities)	$100.0
Saudi Arabian support	29.0
Voluntary contributions	14.5
Taxes collected from Palestinians in Kuwait	10.5
Total	154.0

Expenses (millions)	
Military operations	$100
Subsidies: housing, legal defense, publications, businesses and colleges in Israeli-administered territories	90
Representative offices worldwide	50
Survivors' benefits (Sons of the Fallen)	40
Health services (Palestine Red Crescent)	20
Administrative headquarters in Tunis	10
Total	310

Note: All figures are for 1985

• This leaves investments, and don't believe what you read in some newspapers about a $5 billion portfolio on which the PLO rakes in a cool $1 billion a year. According to sources close enough to smell the ink, the PLO has no more than $1 billion out making $100 million, most of it in U.S. and Western European paper, plus U.S. blue-chip stocks. A conservative and highly liquid portfolio. The PLO, pushed from one country to another, is understandably property-averse. And it fears that other nations may seize what property it still has.

Some PLO money is managed by the $13.5 billion (assets) Arab Bank Ltd. Group of Jordan, which handles the PLO's working accounts. It is almost certainly part-owned by the PLO. A close friend of Arafat's sits on the board, and the bank has backed Palestinian nationalism for 56 years. Aside from 97 offices (2 in New York) in 23 countries, 2 secret branches exist in Nablus and Jerusalem, areas supposedly abandoned by the Arab Bank after the Six Day War. The Jerusalem office is in a travel agency where loans are processed; its cashiers are the Arab money changers down the street.

When your uncuttable expenditures reach $310 million and your income is half of that, you need more bread. Where can Arafat turn? The Soviets? They support the Syrians, Arafat's enemy. The only alternative for the PLO is not East but West.

But who wants Arafat? First, his résumé could be written in blood. Second, only in February he walked out of a promising agreement with Jordan to sit down and negotiate with Israel. King Hussein, joined by a former PLO intelligence chief, has all but called for Arafat's replacement by a moderate willing to jaw with the Jews.

Not our business? If the PLO falls apart, the ensuing terror is going to make M. Qaddafi look like W. Disney. Abu Abbas, architect of the *Achille Lauro* incident, has already threatened to bring terrorism to America.

But if the U.S. really means to keep the PLO from falling apart, it will probably have to do at least three things: (1) Pressure the Saudis and Kuwaitis to back a more moderate PLO leader and withdraw their support from Arafat. (2) Provide discreet U.S. aid through Palestinian moderates to help the PLO keep itself intact. In a cash-starved firm, he who brings the banker has power. (3) Declare covert war on PLO radicals who keep knocking off the moderates.

It may not work. The economic dimension may not be strong enough to alter the political. But acting now to stabilize the PLO might be a better investment than paying ransom later to freelance assassins that haunt the Middle East. Consider what happened in Beirut: Seventeen months after paying to get Arafat & Co. out, the U.S. had to evacuate 1,200 U.S. Marines. So Washington made still secret cash payoffs to Lebanese militias to guarantee the Marines' safety as they withdrew.

Now, as the PLO faces near bankruptcy, may in fact be the last, best opportunity to influence it. After all, no firm is as amenable to constructive change—or as dangerously prone to destructive fragmentation—as one that is going broke. ■

Running a large corporation carries lots of rewards. Megamoney is sometimes, but not always, one of them.

How much the bosses earned in 1985

By William G. Flanagan

SOME TOP CORPORATE executives dread this issue of FORBES. Would you like your annual compensation shouted to the world?

But others, aware that in a capitalist society money is an important report card, delight in scoring high in the annual compensation competition. Former Norton Simon chief David J. Mahoney, no stranger to the upper rungs of the hit parade, once explained why: "If the company doesn't get it, the stockholders don't get it, I don't get it."

Certainly there is less hysteria than there used to be about the sums pocketed by the men who run America's largest corporations. (The Washington Post's Katharine Graham, Liz Claiborne's Elisabeth Ortenberg and Golden West Financial's Marion O. Sandler are the only women among the 793 listed.) If you compare their earnings with the sums paid jocks, entertainers and TV personalities and some negligence lawyers *(see box, p. 148)*, most chief executives would score in the middle ranks at best. Median compensation—including salary and stock gains—was $620,000. You can't accumulate the capital it takes to be truly rich on the aftertax savings from that.

But others made more than 17 times that, measuring their annual take in eight digits, and some of them seem decidedly defensive about it. Their fear is that stockholders, who, after all, own the companies, may judge that they aren't getting their fair share of the corporate kitty. The need to make those judgments, of course, is why the Securities & Exchange Commission requires the five highest-paid officers in a public company to make their compensation known in the first place.

Exactly how responsible top corporate executives are for their companies' revenues and profits remains a matter of intense debate. There are the Lee Iacoccas and Fred Smiths and the An Wangs and Sam Waltons and Charles Lazaruses who either founded or resurrected from oblivion Chrysler, Federal Express, Wang Labs, Wal-Mart and Toys "R" Us. They *are* their companies; it's reasonable to suppose that someone else in their place, even at $1 a year, would punish earnings more than those companies would save in annual compensation. There's also the share value of the stock. Under Iacocca, for example, Chrysler was once selling as low as $3 per share; it's now around $37. And Iacocca's total compensation in 1985 (most of it in stock gains) amounts to only about 7 cents a share.

Are there objective criteria by which to judge the value of an executive's performance? Plotting compensation versus sales, for example, or profits, or stock performance?

In terms of sales, these chief executives gave stockholders the most sales bang per buck of compensation: IBM's John F. Akers earned $736,000 last year, while IBM's sales were over $50 billion; GM's Roger Smith earned $1.9 million against sales of $96 billion; Texaco's John K. McKinley made $1.24 million against sales of $46.2 billion. Testing top executives' cost against sales may be an interesting exercise, but it's hardly decisive. Companies are run for profits, not just to see how big they can become.

What about plotting compensation against profits, then? After all, the chief executive who earns the least while generating the most profits would seem to be giving shareholders the very best deal of all.

At first blush, this yardstick appears to make sense. Enter IBM's John F. Akers again, whose company reported profits of $6.55 billion, against his salary of $736,000. The second-best executive bargain, on the earnings test, was Warren Buffett, whose Berkshire Hathaway shareholders paid him only $100,000 while the company earned $436 million in profits on $940 million in sales.

But then things get a little flaky. Also ranking in the top chief executive bargains is Long Island Lighting's William J. Catacosinos, who earned only $219,000 while the utility generated $524 million in profits. But try to convince Lilco shareholders they got a good deal. The troubled utility isn't paying dividends on its common stock, is awash in lawsuits resulting from a hurricane last year and can't get permission to operate its $4.5 billion Shoreham nuclear plant. Would anyone seriously argue that Catacosinos is truly a better bargain for shareholders than Iacocca, simply because the former got a tinier share of overall corporate

The 25 best-paid chief executives in the U.S.

Rank	Chief executive/company	Total comp ($000)
1	Lee Iacocca/Chrysler	$11,499
2	T Boone Pickens/Mesa Petroleum	9,877
3	Thomas Spiegel/Columbia S&L	9,032
4	Stephen D Hassenfeld/Hasbro	4,764
5	Anthony J F O'Reilly/HJ Heinz	4,093
6	George T Sh[illegible]/Horn & Hardart	3,945
7	Kenneth L Lay/Enron	3,794
8	Robert Anderson/Rockwell Intl	3,666
9	Clifton C Garvin Jr/Exxon	3,625
10	Terrence A Elkes/Viacom International	3,587
11	Steven J Ross/Warner Communications	3,524
12	David S Lewis/General Dynamics	3,376
13	John H. Gutfreund/Phibro-Salomon	3,108
14	Joseph B Flavin/Singer	2,997
15	Roy A Anderson/Lockheed	2,994
16	Charles S Locke/Morton Thiokol	2,991
17	Gilbert G Roesener/Cityfed Financial	2,980
18	Charles Lazarus/Toys "R" Us	2,928
19	Richard K Eamer/National Medical	2,899
20	Alan C Greenberg/Bear, Stearns	2,869
21	Richard M Furlaud/Squibb	2,780
22	Edward L Hennessy Jr/Allied-Signal	2,755
23	E Mandell De Windt/Eaton	2,626
24	William Jovanovich/Harcourt Brace	2,597
25	Peter T Buchanan/First Boston	2,563

profits last year than the latter?

Stock performance? That's the silliest yardstick of them all. True, the runup of, say, Chrysler does indeed indicate what the boss has been doing, but Iacocca drew his big reward last year, while Chrysler stock has been performing well for several years. And consider those poorly run companies whose shares rose only because they had been trading well below book value and became hot targets for acquisitions. The inept managers who allowed the company to founder in the first place often wind up with hefty stock gains, golden parachutes and other benefits while long-term shareholders receive only a one-time windfall that may not make up for years of poor earnings.

Absent a successful tender offer for the U.S. economy by the U.S.S.R., determining what an executive is worth will remain the province of compensation committees. After all, they have to face the lawsuits when stockholders think things are out of whack. (And sue they do. Such stockholders' lawsuits are hardly uncommon.)

Whatever chief executives make, they seldom make it for very long, unless they are the founders. They are a lot like baseball players—with no guarantee of how long they will be at the top of their game. (The average major-league salary, by the way, was $371,000 in 1985.) And it can take quite a while before a chief executive gets to the top; most have been with their companies more than 20 years, and six out of seven are over 50 years old.

There has been something of a youth movement afoot in recent years; roughly 100 chief executives are under 50. David Blackford of Far West Financial is a mere 37; Genentech's Robert A. Swanson is 38; Fidelcor's Harold W. Pote is 39. The man with the best "age-wage" ratio is Columbia Savings & Loan's Thomas Spiegel, 40, who collected $9,032,000 in 1985. That works out to $225,800 for each year of his life.

Armand Hammer remains the nation's most senior chief executive. Hammer, who celebrated his 88th birthday last month, earned $1.15 million in 1985 for running Occidental Petroleum.

Assuming one wants to get to the top of the corporate heap, which is the best path? Finance. Of the 793 executives on the following pages, all of them running companies that made one or more of the FORBES 500s lists, 145 had backgrounds in banking and another 112 in finance.

It also helps to pick the right industry. Such as financial services, where the median compensation for chief executives was $1.6 million last year. Ten of the 15 made more than $1 million, with Phibro-Salomon's John H. Gutfreund leading the pack with $3.1 million. ■

Industry group codes

The numbers below correspond with the industry group codes that follow company names in the tables that begin on page 153.

1. Aerospace and defense
2. Air transport
3. Apparel and textiles
4. Automotive
5. Banks
6. Beverages and tobacco
7. Chemicals
8. Coal
9. Communications media
10. Computers and electronics
11. Construction
12. Consumer products
13. Diversified companies
14. Electrical equipment
15. Electric utilities
16. Financial services
17. Food distributors
18. Food processors
19. Health
20. Heavy equipment
21. Insurance
22. Leisure and recreation
23. Metals
24. Natural gas
25. Oil
26. Packaging
27. Paper
28. Retailing
29. Services
30. Surface transportation
31. Telecommunications

Who Gets The Most Pay

What the numbers mean

In compiling the tables that follow, FORBES ranks the chief executives of the 793 largest companies in the U.S., as listed in The Forbes 500s issue *(Apr. 28)*. The rankings are based on total compensation. FORBES defines **salary and bonus** to include all salary and bonus payments in 1985, whether paid in cash or deferred, as well as directors' fees and commissions. **Other** includes payments made under long-term compensation plans, restricted stock awards vested or released from restrictions in 1985, thrift plan contributions and other benefits. **Stock gains** include net value realized in shares or cash from the exercise of stock options and/or stock appreciation rights granted in prior years. **Rank in industry** ranks the chief executive's total compensation relative to others in his industry group. **Industry group** codes following company names are identified in the box on page 151.

Who makes what

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
80	Abbott Laboratories/19	Robert A Schoellhorn/57	1,063	29	583	1,674	6 of 30	12	7	Technical
140	Advanced Micro/10	Walter J Sanders III/49	1,190	—	—	1,190	6 of 32	17	17	Founder
367	Aetna Life & Cas/21	James T Lynn/59	601	67	—	668	18 of 38	8	1	Legal
694	Affiliated Bshs Colo/ 5	Leo Hill/62	284	20	3	307	158 of 192	22	3	Administration
236	HF Ahmanson/ 5	Richard H Deihl/57	659	231	—	890	31 of 192	36	2	Banking
227	Air Prods & Chems/ 7	Edward Donley/64	897	15	—	912	6 of 17	43	12	Technical
376	Albertson's/17	Warren E McCain/60	656	—	—	656	14 of 26	34	9	Operations
316	Alco Standard/27	Ray B Mundt/57	739	21	—	760	6 of 14	16	6	Operations
434	Alexander & Alexander/21	John A Bogardus Jr/58	565	14	—	579	22 of 38	35	7	Insurance
114	Alexander & Baldwin/30	Robert J Pfeiffer/66	849	108	370	1,327	5 of 14	26	6	Operations
154	Allegheny/23	Fred M Kirby/66	683	397	—	1,079	1 of 15	28	18	Investment
87	Allegheny Beverage/17	Morton M Lapides/57	1,550	30	—	1,580	3 of 26	26	20	Technical
385	Allegheny International/13	Robert J Buckley/62	573	71	—	644	24 of 30	14	11	Operations
761	Allegheny Power/15	Klaus Bergman/55	211	—	—	211	60 of 75	14	1	Legal
375	Allied Bancshares/ 5	Gerald H Smith/55	225	24	409	658	60 of 192	27	14	Banking
22	Allied-Signal/13	Edward L Hennessy Jr/58	1,219	117	1,419	2,755	1 of 30	7	7	Finance
184	Allied Stores/28	Thomas M Macioce/67	960	27	—	987[1]	14 of 41	26	14	Legal
461	Alltel/31	Weldon W Case/65	450	—	96	546	14 of 16	26	26	Operations
355	Alcoa/23	Charles W Parry/61	667	25	—	691	4 of 15	38	3	Operations
480	AMAX/23	[2]Pierre Gousseland/64	505	12	—	517	9 of 15	37	9	Technical
491	Amerada Hess/25	[3]Philip Kramer/65	485	24	—	509	26 of 36	17	4	Administration
142	American Brands/13	Edward W Whittemore/63	1,140	30	—	1,170	12 of 30	39	5	Marketing
33	American Can/26	[4]William S Woodside/64	1,260	5	885	2,150	1 of 6	36	6	Operations
108	American Continental/ 5	Charles H Keating Jr/63	1,375	—	—	1,375	12 of 192	10	10	Legal
212	American Cyanamid/19	George J Sella Jr/57	732	8	201	940	14 of 30	31	3	Operations
499	American Electric/15	Willis S White Jr/59	494	10	—	503	10 of 75	37	10	Technical
59	American Express/16	James D Robinson III/50	1,800	55	—	1,855	5 of 15	15	9	Finance
42	American Family/21	John B Amos/62	2,011	54	—	2,065	2 of 38	31	31	Founder
34	American Fletcher/ 5	Frank E McKinney Jr/47	377	5	1,754	2,136	3 of 192	18	13	Banking
172	American General/21	Harold S Hook/54	904	138	—	1,042	9 of 38	15	7	Insurance
739	American Greetings/ 9	Irving I Stone/77	250	—	—	250	21 of 21	62	26	Administration
101	American Home Prods/19	John W Culligan/69	1,058	363	—	1,420	8 of 30	49	5	Marketing
270	American Info Tech/31	William L Weiss/57	789	42	—	830	7 of 16	35	2	Operations
51	American Intl Group/21	Maurice R Greenberg/61	750	—	1,195	1,945	3 of 38	25	19	Insurance
487	American Medical/19	Walter L Weisman/51	513	—	—	513	27 of 30	16	1	Operations

NOTE: For explanation of industry group rankings, see page 151. [1]Figures are for year ended 1/31/85. [2]Succeeded by Allen Born, 1/6/86. [3]Succeeded by Leon Hess, 1/8/86. [4]Succeeded by Gerald Tsai Jr, 5/1/86.

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
623	American Motors/ 4	[5]José J Dedeurwaerder/53	357	13	—	371	18 of 18	4	1	Operations
605	American Natl Ins/21	Orson C Clay/55	334	56	—	391	28 of 38	15	8	Administration
613	American Petrofina/25	Paul D Meek/55	370	11	—	381	32 of 36	30	3	Technical
583	Amer S&L Fla/ 5	Morris N Broad/51	341	—	71	412	119 of 192	29	21	Finance
645	American Savings/ 5	John T Morgan/56	353	—	—	353	142 of 192	13	6	Banking
627	American Security/ 5	Daniel J Callahan III/54	359	—	9	367	135 of 192	3	1	Banking
300	American Standard/11	William B Boyd/62	616	107	63	786	4 of 16	11	1	Technical
382	American Stores/28	Lennie S Skaggs/62	646	—	—	646[6]	24 of 41	41	20	Retailing
75	American Tel & Tel/31	Charles L Brown/64	1,315	380	—	1,695	1 of 16	40	7	Operations
311	AmeriTrust/ 5	Jerry V Jarrett/54	506	21	244	771	47 of 192	12	2	Banking
524	Ames Dept Stores/28	Herbert Gilman/61	472	—	—	472[7]	30 of 41	28	5	Technical
542	Amfac/13	[8]Ralph A Van Ordel/70	450*	—	—	450	29 of 30	40	1	Insurance
36	Amoco/25	Richard M Morrow/60	1,113	49	963	2,125	4 of 36	38	2	Technical
203	AMP/10	Walter F Rabb/62	457	499	—	956	14 of 32	33	4	Finance
128	AMR/ 2	Robert L Crandall/51	663	—	581	1,244	1 of 14	13	1	Finance
538	AmSouth Bancorp/ 5	John W Woods/54	454	—	—	454	105 of 192	16	14	Banking
638	Analog Devices/10	Ray Stata/51	358	—	—	358	28 of 32	21	21	Founder
665	Anderson, Clayton/18	W Fenton Guinee Jr/58	335	2	—	337	20 of 24	10	1	Marketing
26	Anheuser-Busch Cos/ 6	August A Busch III/49	1,206	—	1,218	2,424	1 of 9	29	11	Operations
167	Apple Computer/10	John Sculley/47	1,054	—	—	1,054	10 of 32	3	3	Marketing
288	Archer Daniels/18	Dwayne O Andreas/68	801	—	—	801	12 of 24	15	15	Finance
90	Arizona Bancwest/ 5	Donald B Tostenrud/61	450	8	1,079	1,538	8 of 192	26	8	Finance
596	Arkla/24	Thomas F McLarty III/40	392	8	—	400	19 of 23	2	1	Administration
550	Armco/23	Robert E Boni/58	414	31	—	446	11 of 15	29	1	Technical
510	Armstrong World Inds/11	Joseph L Jones/63	443	1	47	491	12 of 16	38	2	Operations
324	Ashland Oil/25	John R Hall/53	740	11	—	751	20 of 36	28	4	Operations
224	Associated Dry Goods/28	Joseph H Johnson/64	696	4	223	923	19 of 41	9	2	Operations
781	Atlantic City Electric/15	E Douglas Huggard/52	170	2	—	172	71 of 75	31	1	Technical
299	Atlantic Richfield/25	Lodwrick M Cook/58	733	—	53	786	16 of 36	29	1	Operations
420	Automatic Data/29	Josh S Weston/57	390	—	203	593	7 of 7	15	3	Operations
74	Avnet /10	Anthony R Hamilton/61	806	—	895	1,701	2 of 32	29	6	Marketing
318	Avon Products/12	Hicks B Waldron/62	684	75	—	759	10 of 15	2	2	Marketing
632	AZP Group/15	Keith L Turley/63	353	9	—	362	25 of 75	34	12	Administration
225	Baker International/25	Earnest H Clark Jr/59	823	9	87	919	12 of 36	38	21	Technical
113	Bally Manufacturing/22	Robert E Mullane Jr/54	1,210	118	—	1,328	5 of 13	13	6	Administration
571	Baltimore G&E/15	Bernard C Trueschler/63	385	41	—	426	16 of 75	38	6	Technical
507	Banc One/ 5	John B McCoy/43	492	—	—	492	95 of 192	19	2	Banking
724	Banco Popular PR/ 5	Rafael Carrión Jr/71	229	43	—	272	173 of 192	53	29	Banking
689	BancOklahoma/ 5	Leonard J Eaton Jr/51	283	28	—	311	156 of 192	14	7	Banking
565	Bancorp Hawaii/ 5	Frank J Manuel/62	350	16	63	430	114 of 192	35	5	Banking
430	Bank of Boston/ 5	William L Brown/64	538	43	—	581	73 of 192	37	3	Banking
451	Bank of New England/ 5	Walter J Connolly Jr/58	564	—	—	564	80 of 192	25	6	Banking
151	Bank of New York/ 5	John Carter Bacot/53	728	298	77	1,103	18 of 192	26	4	Finance
262	Bank of Virginia/ 5	Frederick Deane Jr/59	496	194	165	855	34 of 192	32	12	Finance
622	Bank South/ 5	Robert P Guyton/49	372	—	—	372	132 of 192	5	4	Banking

NOTE: For explanation of industry group rankings, see page 151. *Annualized current salary. [5]Succeeded by Joseph E Canpy, 3/21/86. [6]Figures are for year ended 1/31/86. [7]Figures are for year ended 1/31/85. [8]Succeeded by Ronald R Sloan, 5/12/86.

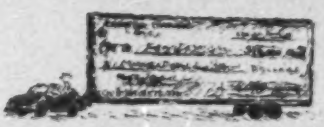
Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
438	BankAmerica/ 5	Samuel H Armacost/47	575	—	—	575	75 of 192	24	5	Banking
106	Bankers Trust NY/ 5	Alfred Brittain III/63	940	322	117	1,379	11 of 192	39	11	Banking
650	Banks of Mid-America/ 5	John W McLean/64	338	12	—	349	145 of 192	18	18	Banking
214	Barnett Banks Fla/ 5	Charles E Rice/50	658	12	270	940	29 of 192	20	6	Banking
178	Bausch & Lomb/19	Daniel E Gill/50	600	—	423	1,024	12 of 30	7	5	Finance
273	Baxter Travenol Labs/19	Vernon R Loucks Jr/51	794	31	—	825	17 of 30	20	6	Marketing
473	BayBanks/ 5	William M Crozier Jr/53	365	27	137	530	84 of 192	22	11	Banking
20	Bear Stearns Cos/16	Alan C Greenberg/59	2,889*	—	—	2,889	2 of 15	37	8	Investment
308	Becton Dickinson/19	Wesley J Howe/65	670	—	107	777	18 of 30	37	11	Administration
229	Bell Atlantic/31	Thomas E Bolger/58	711	198	—	909	4 of 16	43	2	Administration
287	BellSouth/31	John L Clendenin/52	745	56	—	801	8 of 16	30	2	Operations
261	Beneficial Corp/16	Finn M W Caspersen/44	838	17	—	855	11 of 15	14	9	Finance
361	Bergen Brunswig/19	Emil P Martini Jr/57	683	—	—	683	22 of 30	34	17	Technical
790	Berkshire Hathaway/13	Warren E Buffett/55	100	—	—	100	30 of 30	21	16	Investment
597	Best Products/28	Andrew M Lewis/40	400	—	—	400	34 of 41	17	2	Retailing
447	Bethlehem Steel/23	[9]Donald H Trautlein/59	542	26	—	568	8 of 15	9	6	Finance
417	Beverly Enterprises/19	Robert Van Tuyle/73	598	—	—	598	25 of 30	14	11	Administration
683	Big Three Industries/25	Harry K Smith/74	315	3	—	318	36 of 36	60	22	Administration
526	Black & Decker/12	[10]Laurence J Farley/50	471	—	—	471	13 of 15	7	3	Finance
522	H&R Block/16	Henry W Bloch/63	471	4	—	475	15 of 15	30	30	Founder
374	Boatmen's Bancshares/ 5	Donald N Brandin/64	659	—	—	659	59 of 192	30	13	Banking
73	Boeing/ 1	[11]Thornton A Wilson/65	998	31	674	1,703	7 of 14	43	17	Technical
471	Boise Cascade/27	John B Fery/56	480	50	—	530	9 of 14	29	13	Production
85	Borden/18	Eugene J Sullivan/65	1,039	44	522	1,605	2 of 24	40	6	Sales
65	Borg-Warner/13	[12]James F Bere/63	736	14	1,056	1,806	6 of 30	25	14	Production
626	Boston Edison/15	Stephen J Sweeney/57	368	—	—	368	24 of 75	32	2	Technical
472	Bowater/27	Anthony P Gammie/51	496	23	12	530	10 of 14	31	3	Production
720	Branch Corp/ 5	L Vincent Lowe Jr/50	261	17	—	277	170 of 192	24	4	Banking
69	Bristol-Myers/19	Richard L Gelb/62	1,179	55	546	1,780	5 of 30	36	14	Administration
696	Brooklyn Union Gas/24	Eugene H Luntey/65	290	17	—	307	20 of 23	38	1	Technical
330	Brown-Forman/ 6	W L Lyons Brown Jr/49	718	18	—	736	7 of 9	25	10	Marketing
250	Brown Group/28	Bernard A Bridgewater Jr/52	712	12	146	870	20 of 41	7	4	Administration
49	Browning-Ferris Inds/29	Harry J Phillips Sr/56	461	—	1,525	1,986	1 of 7	15	8	Founder
58	Brunswick/22	Jack F Reichert/55	733	1,137	—	1,870	4 of 13	28	4	Marketing
498	Burlington Inds/ 3	William A Klopman/64	440	63	—	503	5 of 5	40	9	Marketing
137	Burlington Northern/30	Richard M Bressler/55	1,060	13	150	1,222	7 of 14	6	6	Finance
173	Burroughs/10	W Michael Blumenthal/60	925	117	—	1,042	12 of 32	6	5	Administration
534	Cabot/25	Robert A Charpie/60	450	6	—	456	28 of 36	17	17	Technical
359	CalFed/ 5	George P Rutland/54	649	38	—	687	55 of 192	4	1	Banking
754	California First Bank/ 5	Seishichi Itoh/51	217	6	—	222	184 of 192	14	1	Banking
320	Campbell Soup/18	R Gordon McGovern/59	650	9	100	759	13 of 24	30	5	Marketing
343	Capital Cities/ABC/ 9	Thomas S Murphy/61	625	84	—	709	14 of 21	31	19	Administration
201	Capital Holding/21	Thomas C Simons/57	943	16	—	959	11 of 38	8	8	Insurance
668	Carolina Power & Lt/15	Sherwood H Smith Jr/51	326	9	—	335	32 of 75	21	6	Legal
511	Carson Pirie Scott/28	Peter S Willmott/49	399	—	91	490	29 of 41	3	3	Finance

NOTE: For explanation of industry group rankings, see page 151. *Annualized current salary. [9]Succeeded by Walter F Williams, 3/1/86. [10]Succeeded by Nolan D Archibald, 3/20/86. [11]Succeeded by Frank A Shrontz, 4/28/86. [12]Succeeded by Clarence E Johnson, 4/22/86.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
322	Carter Hawley Hale/28	Philip M Hawley/60	645	2	109	756	22 of 41	28	9	Retailing
520	Carteret Savings/ 5	Robert B O'Brien Jr/51	479	—	—	479	99 of 192	11	11	Banking
497	Castle & Cook/18	David H Murdock/62	504	—	—	504	17 of 24	4	1	Investment
569	Caterpillar Tractor/20	George A Schaefer/58	419	8	—	427	9 of 11	35	1	Finance
562	CBI Industries/11	William A Pogue/58	434	—	—	434	16 of 16	32	4	Sales
156	CBS/ 9	Thomas H Wyman/56	1,030	35	—	1,065	9 of 21	6	6	Marketing
46	Celanese/ 7	John D Macomber/58	1,077	14	919	2,010	3 of 17	13	8	Administration
428	Centel/31	Robert P Reuss/68	571	14	—	585	12 of 16	13	13	Operations
536	Centerre Bancorp/ 5	Clarence C Barksdale/54	434	17	4	454	108 of 192	27	8	Banking
529	Centex/11	Paul R Seegers/56	436	30	—	466	13 of 16	24	7	Finance
585	Central & South West/15	Durwood Chalker/62	378	32	—	411	19 of 75	36	6	Technical
542	Central Bancorp/ 5	Oliver W Birckhead/64	450	—	—	450	108 of 192	35	14	Banking
188	Central Bancshares/ 5	Harry B Brock Jr/60	449	—	531	980	24 of 192	15	15	Founder
496	Central Fidelity Banks/ 5	Carroll L Saine/52	425	12	68	505	90 of 192	29	5	Banking
784	Central Hudson G&E/15	[13]Theodore J Carlson/66	160	—	—	160	73 of 75	18	11	Operations



The wages of success

Lee Iacocca's total compensation of $11.4 million, which led all the rest last year, works out to about 7 cents per Chrysler share. In five years Chrysler stock gained 1,700%.

775	Central Ill Pub Svc/15	Donald G Raymer/61	191	—	—	192	68 of 75	38	5	Operations
518	CenTrust/ 5	David L Paul/46	473	12	—	485	97 of 192	2	2	Investment
253	Champion Intl/27	Andrew C Sigler/54	793	—	74	866	5 of 14	29	11	Sales
525	Charter /25	[14]Alexander P Zechella/65	318	153	—	471	27 of 36	7	3	Technical
115	Chase Manhattan/ 5	Willard C Butcher/59	1,040	272	—	1,312	15 of 192	39	6	Banking
190	Chemical New York/ 5	[illegible]ster V Shipley/50	700	279	—	979	25 of 192	29	2	Banking
327	Cheesebrough-Pond's/ 7	Ralph E Ward/65	561	184	—	745	7 of 17	39	18	Marketing
116	Chevron/25	George M Keller/62	1,158	149	—	1,307	8 of 36	38	5	Technical
1	Chrysler/ 4	Lee Iacocca/61	1,617	22	9,809	11,449	1 of 18	7	6	Operations
387	Chubb/21	Henry U Hauder/61	570	73	—	643	19 of 38	37	5	Insurance
157	Cigna/21	Robert D Kilpatrick/62	750	314	—	1,064	8 of 38	32	10	Insurance
649	Cincinnati Financial/21	John J Schiff/70	350	—	—	350	32 of 38	7	1	Insurance
719	Cincinnati G&E/15	William H Dickhoner/64	234	44	—	278	47 of 75	45	10	Technical
233	Circle K/17	Karl Eller/58	320	—	580	900	8 of 26	2	2	Marketing
614	Citadel Holding/ 5	Gerald D Barrone/55	368	10	—	379	128 of 192	31	1	Banking
190	Citicorp/ 5	John S Reed/47	935	35	—	970	26 of 192	21	1	Banking
450	Citizens & So Ga/ 5	Bennett A Brown/57	337	174	55	565	79 of 192	31	8	Banking
133	Citizens Fidelity/ 5	J David Grissom/47	456	—	772	1,228	17 of 192	13	9	Legal
348	City National/ 5	Bram Goldsmith/63	701	—	—	701	53 of 192	11	11	Finance
17	CityFed Financial/ 5	[15]Gilbert G Rossmoor/68	581	88	2,311	2,980	3 of 192	45	16	Banking
601	[16]Cleveland Electric/15	Robert M Glun/62	337	23	32	392	21 of 75	37	7	Technical
555	Clorox/12	Charles R Weaver/57	418	24	—	442	14 of 15	32	1	Marketing
617	Coast S&L Assn/ 5	Ray Martin/50	377	—	—	377	129 of 192	27	2	Banking
267	Coastal Corp/25	Oscar S Wyatt Jr/61	842	—	—	842	14 of 36	30	30	Founder
27	Coca-Cola/ 6	Roberto C Goizueta/55	1,433	453	480	2,365	2 of 9	31	5	Technical

NOTE: For explanation of industry group rankings, see page 151. [13]Succeeded by John E Mack III, 4/1/86. [14]Succeeded by D Thomas Moody, 1/1/86. [15]Succeeded by Alfred J Hedden, 4/10/86. [16]Merged with Toledo Edison to form Centerior Energy, 4/29/86.

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
584	Coleco Industries/22	Arnold C Greenberg/53	411	—	—	411	12 of 13	20	13	Legal
310	Colgate-Palmolive/12	Reuben Mark/47	748	23	—	771	9 of 15	23	2	Marketing
353	Collins & Aikman/ 3	Donald F McCullough/61	692	1	—	693	3 of 5	40	25	Marketing
748	Colorado Natl Bkshs/ 5	Will F Nicholson Jr/58	224	—	13	237	180 of 192	16	1	Banking
39	Colt Industries/ 4	David I Margolis/56	1,142	59	892	2,093	2 of 18	23	2	Finance
577	Columbia Gas System/24	John H Croom/53	400	19	—	419	18 of 23	32	1	Marketing
3	Columbia S&L/ 5	Thomas Spiegel/40	3,960	5,072	—	9,032	1 of 192	9	9	Finance
486	Combined Intl/21	Patrick G Ryan/49	450	63	—	513	23 of 38	22	3	Insurance
282	Combustion Eng/20	Charles E Hugel/57	749	59	—	809	6 of 11	3	2	Operations
102	Comdisco/29	Kenneth N Pontikes/46	1,401	9	—	1,409	3 of 7	16	16	Marketing
564	Comerica/ 5	Donald R Mandich/60	430	—	—	430	113 of 192	35	5	Banking
766	Commerce Bcshs/ 5	James M Kemper Jr/64	193	8	—	201	187 of 192	39	19	Banking
675	Commerce Clearing/ 9	Richard T Merrill/58	297	29	—	326	20 of 21	33	6	Administration
319	Commerce Union/ 5	Dennis C Bottorff/41	260	123	377	759	49 of 192	17	1	Banking
612	Commonwealth Ed/15	James J O'Connor/49	383	—	—	383	23 of 75	22	6	Administration
90	Community Psych Ctrs/19	James W Conte/58	575	30	1,370	1,975	4 of 30	17	9	Administration
184	ConAgra/18	Charles M Harper/58	875	507	—	1,382	4 of 24	11	10	Administration
652	Conifer Group/ 5	[17]William D Ireland Jr/63	342	5	—	348	147 of 192	22	13	Banking
418	Consolidated Edison/15	Arthur Hauspurg/61	449	157	—	606	3 of 75	17	4	Technical
68	Consol Freightways/30	Raymond F O'Brien/64	658	200	928	1,786	4 of 14	28	9	Finance
209	Consol Natural Gas/24	George J Tankersley/65	620	170	158	948	4 of 23	19	7	Operations
646	Consolidated Papers/27	George W Mead/58	323	13	—	336	14 of 14	33	20	Operations
680	Consumers Power/15	William T McCormick Jr/41	320*	—	—	320	37 of 75	8	1	Technical
339	Continental Bancorp/ 5	Roy T Peraino/58	512	50	154	716	52 of 192	28	16	Finance
413	Continental Corp/21	John P Mascotte/47	508	22	72	602	20 of 38	5	3	Insurance
409	Continental Illinois/ 5	John E Swearingen/67	600	6	—	606	67 of 192	1	1	Administration
238	Continental Telecom/31	John N Lemasters/52	659	230	—	889	5 of 16	2	1	Technical
467	Control Data/10	[18]William C Norris/74	535	—	—	535	24 of 32	28	28	Founder
264	Cooper Industries/20	Robert Cizik/55	848	—	—	848	5 of 11	24	11	Finance
600	Adolph Coors/ 6	William K Coors/69	387	—	—	387	9 of 9	46	25	Technical
277	CoreStates Financial/ 5	G Morris Dorrance Jr/63	595	51	171	817	38 of 192	34	17	Finance
170	Corning Glass Works/19	James R Houghton/50	607	23	421	1,051	11 of 30	23	3	Administration
414	CPC International/18	James R Eiszner/58	495	79	26	601	15 of 24	22	1	Technical
141	Cray Research/10	John A Rollwagen/45	497	10	681	1,188	7 of 32	10	5	Marketing
672	CrossLand Savings/ 5	Luke A Baione/65	331	—	—	331	152 of 192	40	13	Finance
482	Crown Central Pet/25	Henry A Rosenberg Jr/56	530	14	—	544	25 of 36	33	5	Administration
760	Crown Cork & Seal/26	John F Connelly/61	216	1	—	217	5 of 6	29	29	Sales
99	Crown Zellerbach/27	William T Creson/56	520	10	892	1,422	2 of 14	9	4	Technical
40	CSX/30	Hays T Watkins/60	1,018	—	1,065	2,083	1 of 14	37	15	Finance
677	Cullen/Frost Bankers/ 5	Thomas C Frost/58	302	22	—	324	153 of 192	36	15	Banking
62	Cummins Engine/ 4	Henry B Schacht/51	693	727	412	1,832	4 of 18	21	16	Administration
395	Cyclops/23	William H Knoell/61	558	—	71	629	6 of 15	19	13	Legal
123	Dana/ 4	Gerald B Mitchell/58	933	72	260	1,265	6 of 18	42	6	Operations
183	Dart & Kraft/18	John M Richman/58	955	35	—	990	5 of 24	31	7	Legal
79	Data General/10	Edson D de Castro/47	375	—	1,305	1,680	3 of 32	18	18	Founder

NOTE: For explanation of industry group rankings, see page 151. *Annualized current salary. [17]Succeeded by Kenneth McIlraith, 1/1/86. [18]Succeeded by Robert M Price, 1/10/86.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
751	Dauphin Deposit/ 5	John D Wickert/63	228	—	—	228	183 of 192	12	6	Banking
130	Dayton-Hudson/28	Kenneth A Macke/47	991	248	—	1,239	10 of 41	24	2	Retailing
595	Deere/20	Robert A Hanson/61	401	—	—	401	10 of 11	36	3	Marketing
732	Delmarva Power & Lt/15	Nevius M Curtis/56	257	—	—	257	51 of 75	7	4	Administration
223	Delta Air Lines/ 2	David C Garrett Jr/63	472	454	—	926	2 of 14	39	8	Operations
317	Deluxe Check/ 9	Eugene R Olsen/50	372	59	53	485	18 of 21	42	8	Marketing
723	Deposit Guaranty/ 5	Emerson B Robinson Jr/43	263	10	—	273	172 of 192	18	2	Banking
540	Detroit Edison/15	Walter J McCarthy Jr/61	385	67	—	452	13 of 75	22	4	Operations
265	Diamond Shamrock/25	William H Bricker/54	844	—	—	844	13 of 36	17	9	Marketing
323	Digital Equipment/10	Kenneth H Olsen/60	755	—	—	755	19 of 32	28	28	Founder
193	Dillard Dept Stores/28	William T Dillard Sr/71	943	30	—	973	16 of 41	47	47	Founder
35	Walt Disney/22	Michael D Eisner/44	2,124	7	—	2,131	3 of 13	2	1	Operations
598	Dominion Bankshares/ 5	Warner N Dalhouse/52	355	11	34	400	123 of 192	30	4	Marketing
636	Dominion Resources/15	William W Berry/54	357	2	—	359	26 of 75	29	3	Technical
134	RR Donnelley/ 9	John B Schwemm/52	589	197	441	1,227	7 of 21	21	2	Legal
508	Dover/18	Gary L Roubos/49	485	7	—	492	28 of 30	15	5	Operations
112	Dow Chemical/ 7	Paul F Oreffice/58	992	8	335	1,334	4 of 17	33	8	Finance
118	Dow Jones/ 9	Warren H Phillips/60	607	500	177	1,284	4 of 21	39	11	Journalism
749	Downey Savings & Loan/ 5	Gerald H McQuarrie/65	236	—	—	236	181 of 192	28	8	Founder
640	[19]DPL/15	Peter H Forster/44	346	5	—	351	28 of 75	13	1	Operations
671	Dresser Industries/25	John J Murphy/54	531	—	—	331	33 of 36	34	2	Operations
82	Dreyfus/16	Howard Stein/60	1,391	239	—	1,630	7 of 15	31	16	Investment
45	El du Pont/25	[20]Edward G Jefferson/64	1,016	49	959	2,024	5 of 36	35	5	Technical
639	Duke Power/15	William S Lee/57	271	85	—	356	27 of 75	31	4	Technical
290	Dun & Bradstreet/ 9	Charles W Moritz/49	800	—	—	800	11 of 21	25	1	Marketing
706	Duquesne Light/15	[21]John M Arthur/63	288	1	—	289	43 of 75	41	17	Operations
32	E-Systems/ 1	John W Dixon/66	1,703	12	458	2,173	5 of 14	24	17	Administration
406	Eastern Air Lines/ 2	Frank Borman/58	365	—	246	611	5 of 14	16	10	Technical
515	Eastern Gas & Fuel/24	William J Pruyn/63	485	—	—	485	16 of 23	34	8	Finance
250	Eastman Kodak/22	Colby H Chandler/61	905	—	—	905	6 of 13	25	2	Technical
23	Eaton/10	[22]E Mandell de Windt/65	1,147	822	657	2,626	1 of 32	44	16	Operations
563	Jack Eckerd/28	Stewart Turley/51	420	11	—	430	33 of 41	19	11	Administration
240	EG&G/ 1	Dean W Freed/63	618	—	266	884	12 of 14	15	3	Technical
708	El Paso Electric/15	Evern R Wall/53	285	—	—	285	44 of 75	29	10	Technical
155	Emerson Electric/14	Charles F Knight/50	1,075	—	—	1,075	1 of 5	13	12	Administration
425	Emhart/20	Peter L Scott/59	588*	—	—	588	7 of 11	1	1	Technical
349	Engelhard/23	Orin R Smith/50	700	—	—	700	3 of 15	14	2	Administration
7	[23]Enron/24	Kenneth L Lay/44	737	3,056	—	3,794	1 of 23	2	2	Technical
248	Ensearch/24	William C McCord/55	675	115	87	878	7 of 23	37	15	Technical
177	Entex/24	Jackson C Hinds/64	393	11	621	1,024	3 of 23	17	14	Legal
52	Equitable Bancorp/ 5	H Grant Hathaway/58	643	—	1,291	1,934	4 of 192	31	4	Banking
460	Equitable Resources/24	Donald I Moritz/59	329	—	222	550	14 of 23	34	8	Legal
394	Ethyl/ 7	Floyd D Gottwald Jr/63	608	22	—	630	11 of 17	43	16	Administration
398	Ex-Cell-O/ 1	E Paul Casey/56	605	15	—	620	14 of 14	36	4	Administration
9	Exxon/25	Clifton C Garvin Jr/64	1,454	64	2,107	3,625	2 of 36	39	10	Technical

NOTE: For explanation of industry group rankings, see page 151. *Annualized current salary. [19]Formerly Dayton Power & Light. [20]Succeeded by Richard E Heckert, 5/5/86. [21]Succeeded by Welsey W von Schack, 1/1/86. [22]Succeeded by James R Stover, 4/23/86. [23]Formerly Internorth.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
501	Far West Financial/ 5	David E Blackford/37	490	12	—	501	91 of 192	2	1	Banking
516	Farm & Home Savings/ 5	C A Duncan Jr/69	485	—	—	485	96 of 192	40	30	Administration
332	Farmers Group/21	Richard G Lindsley/64	663	67	—	730	15 of 38	35	7	Insurance
600	Federal Express/ 2	Frederick W Smith/41	389	6	—	395	12 of 14	15	15	Founder
488	Fed! Natl Mortgage/16	David O Maxwell/56	501	10	—	511	13 of 15	5	5	Legal
92	Federated Dept Stores/28	Howard Goldfeder/60	755	10	746	1,511	7 of 41	39	5	Retailing
286	Fidelcor/ 5	Harold W Pote/59	467	70	308	844	35 of 192	14	2	Banking
531	Fifth Third Bancorp/ 5	Clement L Buenger/60	336	30	95	461	101 of 192	16	5	Banking
477	Fin! Corp of America/ 5	William J Popejoy/48	522	—	—	522	85 of 192	1	1	Banking
283	Fin Corp Santa Barbara/ 5	Philip R Brinkerhoff/43	769	40	—	809	40 of 192	1	1	Finance
711	Fireman's Fund/21	John J Byrne/54	283	—	—	283	34 of 38	1	1	Insurance
523	Firestone/ 4	John J Nevin/59	460	12	—	472	15 of 18	6	5	Marketing
506	First Alabama Bcsh/ 5	Willard L Hurley/59	411	12	73	496	94 of 192	28	2	Banking
168	First American/ 5	Kenneth L Roberts/53	430	168	456	1,054	20 of 192	10	9	Banking
707	First Bncp of Ohio/ 5	Howard L Flood/52	190	—	96	286	165 of 192	23	1	Banking
307	First Bank System/ 5	Dewalt H Ankeny Jr/53	576	17	185	778	46 of 192	18	1	Banking
25	First Boston/16	Peter T Buchanan/51	2,300	243	—	2,543	3 of 15	29	3	Investment
763	First Capital/ 5	Frank R Day/48	203	6	—	210	186 of 192	28	10	Banking
362	First Chicago/ 5	Barry F Sullivan/55	638	45	—	683	56 of 192	5	5	Banking
746	First Citizens / 5	Lewis R Holding/58	234	5	—	239	179 of 192	32	28	Finance
503	First City Bancorp/ 5	James A Elkins Jr/67	500	—	—	500	92 of 192	44	23	Banking
561	First Columbia Finl/ 5	Bob R Baker/49	200	234	—	434	112 of 192	20	3	Banking
718	First Commerce / 5	Ian Arnof/46	279	—	—	279	169 of 192	7	3	Banking
738	First Empire State/ 5	Robert G Wilmers/52	251	—	—	251	177 of 192	3	3	Banking
148	First Executive/21	Fred Carr/55	1,136[24]	—	—	1,136	7 of 38	11	11	Finance
443	First Federal Mich/ 5	James A Allber/60	363	8	192	563	77 of 192	29	9	Banking
272	First Fidelity Bncp/ 5	Robert R Ferguson Jr/62	559	11	258	828	36 of 192	36	13	Banking
791	First Florida Banks/ 5	A Bronson Thayer/46	8[25]	—	—	8	192 of 192	4	3	Finance
539	First Hawaiian/ 5	John D Bellinger/63	453	—	—	453	106 of 192	44	16	Banking
91	First Interstate Bncp/ 5	Joseph J Pinola/61	920	76	541	1,537	9 of 192	10	8	Banking
624	First Jersey Natl/ 5	Thomas J Stanton Jr/66	369	—	—	369	133 of 192	32	1	Banking
321	First Kentucky Natl/ 5	A Stevens Miles/56	379	13	366	758	50 of 192	32	11	Banking
682	First Maryland Bncp/ 5	Charles W Cole Jr/50	318	—	—	318	154 of 192	25	2	Banking
735	First Natl Cincinnati/ 5	Oliver W Waddell/55	250	4	—	254	176 of 192	29	2	Banking
628	First of America Bank/ 5	Daniel R Smith/52	319	48	—	367	136 of 192	30	1	Banking
566	First Pennsylvania/ 5	George A Butler/58	424	5	—	429	115 of 192	36	6	Banking
533	First RR & Banking/ 5	Charles B Presley/	375	26	60	461	102 of 192	32	10	Banking
646	First Security/ 5	Spencer F Eccles/51	343	10	—	353	143 of 192	27	5	Banking
663	First Tennessee Natl/ 5	Ronald Terry/55	273	65	—	338	151 of 192	29	12	Banking
364	First Union/ 5	Edward E Crutchfield Jr/44	636	39	—	677	57 of 192	21	2	Banking
693	First Virginia Banks/ 5	Robert H Zalokar/	295	12	—	307	157 of 192	30	1	Banking
335	First Wachovia/ 5	John G Medlin Jr/52	560	38	126	725	51 of 192	27	9	Banking
657	First Wisconsin/ 5	Hal C Kuehl/63	325	18	—	343	149 of 192	38	8	Banking
716	FirsTier/ 5	John D Woods/56	236	43	—	279	167 of 192	10	10	Banking
254	Fleet Financial/ 5	J Terrence Murray/46	623	30	211	865	33 of 192	23	4	Finance

NOTE: For explanation of industry group rankings, see page 151. [24]Figures are for year ended 12/31/84. [25]Director's fee only.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
281	Fleming Cos/17	Richard D Harrison/63	711	6	92	809	12 of 26	32	20	Legal
717	Florida Federal S&L/ 5	[26]Raleigh W Greene Jr/59	279	—	—	279	168 of 192	33	18	Legal
721	Florida Natl Banks/ 5	John D Uible/50	277	—	—	277	171 of 192	9	2	Banking
530	Florida Progress/15	Andrew H Hines Jr/63	462	—	—	462	12 of 75	34	13	Technical
542	Fluor/11	David S Tappan Jr/64	450	—	—	450	14 of 16	34	1	Sales
56	FMC/13	Robert H Malott/59	833	1,069	—	1,902	4 of 30	33	14	Operations
637	Food Lion/17	[27]Ralph W Ketner/65	328	31	—	358	22 of 26	28	28	Founder
76	Ford Motor/ 4	Donald E Petersen/59	1,437	1	255	1,693	5 of 18	36	1	Administration
232	Fort Howard Paper/27	Paul J Schiedl/51	564	53	286	903	4 of 14	22	11	Legal
702	Fourth Financial/ 5	Jordan L Haines/59	293	4	—	297	164 of 192	24	1	Administration
556	FPL Group/15	Marshall McDonald/68	347	94	—	441	15 of 75	14	1	Administration
404	Freeport-McMoRan/ 7	James R Moffett/47	595	18	—	613	12 of 17	16	1	Technical
616	Fremont General/21	James A McIntyre/53	378	—	—	378	29 of 38	22	9	Finance
340	Fruehauf/ 4	Robert D Rowan/64	698	16	—	714	12 of 18	30	12	Finance
431	GAF/11	Samuel J Heyman/69	567	14	—	581	9 of 16	47	24	Technical

Youth vs. experience

David Blackford, 37, of Far West Financial is the youngest chief executive on the FORBES list of best-paid bosses. The oldest: Armand Hammer, 88, of Occidental Petroleum.

105	Gannett/ 9	Allen H Neuharth/62	1,333	48	—	1,381	3 of 21	23	13	Journalism
415	GATX/30	James J Glasser/52	479	121	—	600	12 of 14	24	7	Legal
187	Geico/21	William B Snyder/56	386	14	581	980	10 of 38	9	1	Marketing
386	Geico/29	N Bud Grossman/65	630	—	13	643	6 of 7	29	29	Founder
481	GenCorp/ 4	A William Reynolds/53	333	183	—	517	14 of 18	1	1	Administration
708	Genentech/19	Robert A Swanson/38	285	—	—	285	30 of 30	10	10	Founder
435	General Cinema/ 6	Richard A Smith/61	578	1	—	578	8 of 9	39	39	Administration
12	General Dynamics/ 1	[28]David S Lewis/68	1,062	25	2,289	3,376	2 of 14	15	15	Technical
84	General Electric/13	John F Welch Jr/50	1,463	35	117	1,614	7 of 30	25	5	Technical
192	General Mills/18	H Brewster Atwater Jr/55	587	28	361	976	7 of 24	28	5	Marketing
57	General Motors/ 4	Roger B Smith/60	1,655	47	198	1,900	3 of 18	36	5	Finance
660	General Public Utils/15	William G Kuhns/64	340	—	—	340	29 of 75	30	19	Finance
514	General Re/21	Frank W Munsoo/58	487	—	—	487	25 of 38	32	2	Insurance
408	General Signal/10	David T Kimball/58	601	8	—	608	22 of 32	13	2	Administration
453	Genuine Parts/28	Wilton Looney/67	561	—	—	561	26 of 41	47	24	Operations
234	Georgia-Pacific/11	T Marshall Hahn Jr/59	577	128	189	894	2 of 16	11	3	Technical
656	Gerber Products/18	William L McKinley/62	285	7	54	346	19 of 24	35	1	Operations
202	Giant Food/17	Isaac Cohen/73	959	—	—	959	7 of 26	50	8	Founder
383	Gibraltar Financial/ 5	Herbert J Young/54	424	—	356	780	44 of 192	33	24	Administration
296	Gillette/12	Colman M Mockler Jr/56	753	36	—	789	8 of 15	28	11	Finance
647	GlenFed/ 5	Raymond D Edwards/67	343	10	—	352	144 of 192	40	21	Marketing
554	Golden West Finl/ 5	[29]Herbert M Sandler/54	442	—	—	442	111 of 192	22	22	Founder
216	BF Goodrich/ 4	John D Ong/52	471	17	451	939	8 of 18	25	6	Legal
186	Goodyear/ 4	Robert E Mercer/62	984	—	—	984	7 of 18	39	3	Administration
356	Gould/10	[30]William T Ylvisaker/52	682	8	—	689	21 of 32	18	18	Administration

NOTE: For explanation of industry group rankings, see page 151. [26]Succeeded by Eric Stattin, 4/1/86. [27]Succeeded by Tom Smith, 1/1/86. [28]Succeeded by Stanley C Pace, 1/1/86. [29]Office jointly held with Marion O Sandler. [30]Succeeded by James F McDonald, 4/29/86.

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
153	WR Grace/13	J Peter Grace/73	955	129	—	1,083	13 of 30	49	40	Finance
432	WW Grainger/14	David W Grainger/58	500	81	—	581	2 of 5	36	12	Administration
456	Gt Am First Savings/ 5	Gordon C Luce/60	495	8	54	557	82 of 192	16	16	Administration
28	Great A&P Tea/17	James Wood/56	1,815	—	499	2,314	1 of 26	6	6	Retailing
750	Great Lakes Fedl S&L/ 5	Roy E Weber/57	232	—	—	232	182 of 192	35	16	Banking
653	Gt Northern Nekoosa/27	William R Laidig/59	298	8	41	346	13 of 14	36	1	Production
110	Gt Western Financial/ 5	James F Montgomery/51	1,032	—	319	1,351	13 of 192	10	7	Finance
160	Greyhound/30	John W Teets/52	866	—	195	1,061	8 of 14	22	4	Administration
377	Grumman/ 1	John C Bierwirth/62	530	—	123	653	13 of 14	13	11	Finance
165	GTE/31	Theodore F Brophy/63	1,037	19	—	1,056	2 of 16	28	10	Legal
631	Guarantee Financial/ 5	Lewis S Eaton/66	363	—	—	363	138 of 192	40	19	Banking
127	Gulf & Western Inds/16	Martin S Davis/59	1,238	9	—	1,247	9 of 15	28	3	Marketing
546	Gulf States Utilities/15	Dr Paul W Murrill/51	388	10	49	447	14 of 75	8	4	Administration
280	Halliburton/25	Thomas H Cruikshank/55	600	210	—	819	15 of 36	17	3	Legal
587	Hammermill Paper/27	W Craig McClelland/52	208	8	191	407	12 of 14	21	1	Administration
24	Harcourt Brace/ 9	William Jovanovich/66	630	35	1,932	2,597	2 of 21	39	31	Administration
257	Harris Corp/10	[51]Joseph A Boyd/65	862	—	—	862	16 of 32	24	8	Technical
446	Harsco/13	Jeffrey J Burdge/64	459	5	103	568	26 of 30	32	9	Finance
276	Hartford National/ 5	Robert L Newell/63	495	—	327	822	37 of 192	40	10	Banking
4	Hasbro/22	Stephen D Hassenfeld/44	1,138	—	3,627	4,764	1 of 13	22	6	Operations
5	HJ Heinz/18	Anthony J F O'Reilly/50	910	1,065	2,118	4,093	1 of 24	17	6	Legal
194	Hercules/ 7	Alexander F Giacco/66	866	107	—	973	5 of 17	44	8	Technical
269	Hershey Foods/18	Richard A Zimmerman/54	525	311	—	836	10 of 24	28	2	Operations
129	Hewlett-Packard/10	John A Young/54	860	83	298	1,241	5 of 32	27	8	Technical
380	Hibernia/ 5	Martin C Miller/51	636	13	—	649	62 of 192	12	12	Banking
402	Hilton Hotels/22	Barron Hilton/58	617	—	—	617	9 of 13	31	20	Administration
443	Holiday/22	Michael D Rose/44	562	7	—	569	10 of 13	12	5	Operations
345	Home Federal S&L/ 5	Khn Fletcher/58	440	8	—	448	109 of 192	35	17	Finance
6	Home Group/21	George T Scharffenberger/67	1,170	2,775	—	3,945	1 of 38	20	20	Operations
714	Homestake Mining/23	Harry M Conger/55	280	—	—	280	15 of 15	10	7	Technical
295	Honeywell/10	Edson W Spencer/60	789	—	—	789	17 of 32	31	11	Sales
388	Horizon Bancorp/ 5	William J Shepherd/60	291	215	135	641	64 of 192	21	10	Banking
433	George A Hormel/18	Richard L Knowlton/54	570	11	—	580	16 of 24	37	4	Marketing
109	Hospital Corp/19	Dr Thomas F Frist Jr/47	250	345	779	1,374	9 of 30	17	3	Founder
78	Household International/16	Donald C Clark/54	1,031	62	590	1,683	6 of 15	30	3	Finance
489	Houston Industries/15	Don D Jordan/54	495	16	—	511	9 of 75	29	9	Legal
651	Howard Savings Bank/ 5	Donald F McCormick/55	330	18	—	348	146 of 192	12	3	Banking
560	Hughes Tool/25	William A Kistler Jr/59	425	10	—	435	30 of 36	39	1	Administration
329	Humana/19	David A Jones/54	628	113	—	741	19 of 30	24	24	Founder
182	Huntington Bcshs/ 5	Frank Weber/52	569	19	411	999	23 of 192	11	5	Banking
138	EF Hutton Group/16	Robert Fomon/61	1,200	14	—	1,214	10 of 15	35	15	Investment
61	IC Industries/13	William B Johnson/67	1,050	205	591	1,847	5 of 30	20	20	Legal
0	ICH/21	Robert T Shaw/52	—	—	—	—[52]	38 of 38	21	11	Insurance
786	Idaho Power/15	Robert J O'Connor/58	148	8	—	156	74 of 75	34	1	Legal
703	Illinois Power/15	Wendell J Kelley/60	291	1	—	292	41 of 75	36	19	Technical

NOTE: For explanation of industry group rankings, see page 151. [51]Succeeded by John T Hartley, 4/1/86.
[52]Fees paid to management consulting firm in which CEO has an interest.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
180	Illinois Tool Works/20	John D Nichols/55	435	569	—	1,004	1 of 11	6	4	Operations
619	Imperial Corp of Am/ 5	Kenneth J Thygerson/41	375*	—	—	375	130 of 192	1	1	Finance
441	Indiana National/ 5	Thomas M Miller/56	432	10	130	572	76 of 192	31	5	Banking
222	Ingersoll-Rand/20	Thomas A Holmes/62	757	170	—	927	2 of 11	36	5	Operations
553	Inland Steel/23	Frank W Luerssen/58	420	14	9	443	12 of 15	34	3	Technical
396	Intel/10	Gordon E Moore/57	355	1	—	356	29 of 31	17	11	Founder
474	Interco/13	Harvey Seligman/67	523	—	—	523	27 of 30	10	3	Administration
643	InterFirst/ 5	Robert H Stewart III/60	350	4	—	354	140 of 192	35	2	Banking
779	Intergraph/10	James W Meadlock/52	175	—	—	175	32 of 32	17	17	Founder
131	IBM/10	John F Akers/51	736	—	—	736	20 of 32	25	1	Marketing
633	Intl Flavors & Frags/ 7	Eugene P Grisanti/57	351	11	—	362	16 of 17	26	1	Legal
342	Intl Minerals & Chem/ 7	George D Kennedy/60	699	11	—	710	8 of 17	15	2	Administration
691	Intl Multifoods/18	Andre Gillet/59	296	13	—	309	21 of 24	35	2	Administration
244	International Paper/26	John A Georges/55	680	200	—	880	3 of 6	7	1	Technical
778	Iowa-Illinois G&E/24	Barry C O'Brien/59	179	6	—	185	23 of 23	26	2	Finance
730	Ipalco Enterprises/15	Zane G Todd/62	262	—	—	262	50 of 75	35	10	Operations
285	Irving Bank/ 5	Joseph A Rice/61	808	—	—	808	41 of 192	19	2	Finance
98	ITT/13	Rand V Araskog/54	1,008	79	362	1,449	9 of 30	19	6	Administration
309	IU International/13	John Gilroy Christy/53	641	—	—	641	25 of 30	14	5	Operations
38	James River Corp Va/27	Brenton S Halsey/59	523	8	1,572	2,104	1 of 14	17	17	Founder
135	Jefferson-Pilot/21	W Roger Soles/65	770	—	455	1,225	6 of 38	39	18	Investment
301	Jim Walter/13	Joe B Cordell/58	724	61	—	785	22 of 30	27	2	Finance
147	Johnson & Johnson/12	James E Burke/61	998	—	149	1,148	2 of 15	33	9	Marketing
235	Johnson Controls/29	Fred L Brengel/63	881	9	—	890	4 of 7	38	19	Sales
43	K mart/28	Bernard M Fauber/63	900	28	1,121	2,050	4 of 41	44	6	Retailing
384	Kaiser Alum & Chem/23	Cornell C Maier/61	408	—	—	408	13 of 15	36	13	Operations
740	Kansas City P&L/15	Arthur J Doyle/63	246	3	—	249	53 of 75	13	6	Legal
765	Kansas Gas & Elec/15	Wilson K Cadman/58	293	—	—	293	63 of 75	35	5	Administration
747	Kansas Power & Light/24	William E Wall/58	235	3	—	238	22 of 23	11	10	Legal
269	Kellogg/18	William E LaMothe/59	810	29	—	839	9 of 24	35	7	Marketing
771	Kemper /21	Joseph E Luecke/59	192	3	—	195	37 of 38	34	7	Insurance
764	Kentucky Utilities/15	William B Bechanan/60	205	1	—	205	62 of 75	37	7	Technical
548	Kerr-McGee/25	Frank A McPherson/53	437	10	—	447	29 of 36	26	3	Technical
416	KeyCorp/ 5	Victor J Riley Jr/54	598	—	—	598	69 of 192	22	12	Finance
220	Kidde/13	Fred R Sullivan/71	780	155	—	935	18 of 30	22	22	Finance
128	Kimberly-Clark/12	Darwin E Smith/60	938	16	—	954	4 of 15	28	14	Legal
125	Knight-Ridder/ 9	Alvah H Chapman Jr/65	813	4	435	1,253	6 of 21	25	10	Operations
704	Koppers/ 7	Charles R Pullin/62	288	4	—	292	17 of 17	40	4	Administration
166	Kroger/17	Lyle Everingham/60	713	—	336	1,055	5 of 26	39	8	Retailing
258	Lear Siegler/18	Robert T Compton/55	860	—	—	860	19 of 30	28	15	Finance
578	Leaseway Transport/30	Gerald C McDonough/58	419	—	—	419	14 of 14	6	3	Finance
242	Libbey-Owens-Ford/20	[35]Don T McKone/64	450	433	—	883	4 of 11	37	7	Administration
759	Life Investors/21	Robert D Ray/70	217	—	—	217	36 of 38	3	3	Insurance
96	Eli Lilly/19	Richard D Wood/59	815	434	210	1,459	7 of 30	36	13	Marketing
146	Limited/28	Leslie H Wexner/48	907	242	—	1,148	11 of 41	22	22	Founder

NOTE: For explanation of industry group rankings, see page 151. *Annualized current salary. [35]Succeeded by Darryl F Allen, 4/17/86.

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
292	LIN Broadcasting/42	Donald A Pels/58	790	8	—	798	12 of 21	17	17	Legal
502	Lincoln National /21	Ian M Rolland/58	501	—	—	501	24 of 38	30	9	Insurance
136	Litton Industries/13	Fred W O'Green/65	1,189	34	—	1,223	11 of 30	23	4	Technical
397	Liz Claiborne/ 3	Elisabeth C Ortenberg/57	625	—	—	625	4 of 5	10	10	Founder
15	Lockheed/ 1	[34]Roy A Anderson/65	916	18	2,060	2,994	4 of 14	29	8	Finance
351	Loews/21	Laurence A Tisch/60	675	21	—	696	17 of 38	30	25	Finance
757	Long Island Lighting/15	William J Catacosinos/56	214	5	—	219	69 of 75	7	2	Technical
670	Longs Drug Stores/28	Robert M Long/[illegible]	301	8	—	309	38 of 42	25	9	Retailing
239	Lotus/ 1	Bernard J Schwartz/40	894	—	—	894	11 of 14	14	14	Administration
756	Louisiana Bancshares/ 5	Charles W McCoy/65	200	20	—	220	186 of 192	25	25	Banking
365	Louisiana Land/25	Ernest L Williamson/61	579	96	—	675	22 of 36	32	2	Administration
357	Louisiana-Pacific/11	Harry A Merlo/61	550	139	—	689	5 of 16	36	12	Marketing
763	Louisville G&E/15	Robert L Royer/58	171	1	—	172	72 of 75	37	7	Technical
557	Lowe's Cos/28	Leonard G Herring/59	441	—	—	441	32 of 41	30	7	Finance
315	LTV/23	Raymond A Hay/57	719	42	—	760	2 of 15	11	3	Administration
463	Lubrizol/ 7	Leroy E Cabanniss/55	472	17	35	542	14 of 17	31	8	Technical
599	Lucky Stores/17	John M Lillie/49	396	—	—	396	19 of 26	7	1	Operations
548	Mack Trucks/ 4	John B Curcio/52	300	127	—	427	16 of 18	19	2	Marketing
399	Macmillan/ 9	Edward P Evans/44	609	10	—	620	16 of 21	6	6	Administration
37	R H Macy/28	Edward S Finkelstein/61	931	1,175	—	2,106	3 of 41	37	5	Retailing
210	Manufacturers Hanover/ 5	John F McGillicuddy/55	942	—	—	942	27 of 192	27	7	Banking
625	Manufacturers Natl/ 5	Dean E Richardson/58	369	1	—	369	134 of 192	32	13	Banking
391	Manville/11	John A McKinney/62	638	—	—	638	7 of 16	34	9	Legal
358	Mapco/25	James E Barnes/52	650	21	17	688	21 of 36	3	2	Operations
176	Marine / 5	George R Slater/62	362	—	667	1,029	22 of 192	10	8	Banking
305	Marine Midland Banks/ 5	John E Petty/56	653	117	—	769	43 of 192	9	3	Finance
423	Marion Laboratories/19	Fred W Lyons jr/51	565	26	—	591	26 of 30	18	3	Administration
293	Marriott/22	J Willard Marriott jr/54	797	—	—	797	8 of 12	30	13	Administration
68	Marsh & McLennan Cos/21	[35]John M Regan jr/65	1,116	497	302	1,916	4 of 38	40	13	Insurance
81	Marshall & Ilsley/ 5	John A Puelicher/65	275	1,238	—	1,513	7 of 192	40	18	Banking
219	Martin Marietta/ 1	Thomas G Pownall/64	936	—	—	936	10 of 14	23	4	Marketing
552	Maryland National/ 5	Alan P Hoblitzell Jr/55	439	4	—	443	110 of 192	29	3	Banking
249	Masco/11	Richard A Manoogian/49	842	30	—	872	3 of 16	28	18	Administration
256	Mattel/22	Arthur S Spear/65	788	74	—	863	7 of 13	21	11	Operations
171	May Dept Stores/28	David C Farrell/53	875	12	160	1,047[36]	13 of 41	30	7	Retailing
291	Maytag/12	Daniel J Krumm/59	470	—	325	795	7 of 15	33	12	Marketing
466	MCA/22	Lew R Wasserman/73	509	30	—	539	11 of 18	49	39	Sales
162	McDonald's/17	Fred L Turner/53	550	20	480	1,050	4 of 26	30	12	Retailing
47	McDonnell Douglas/ 1	Sanford N McDonnell/68	1,050	—	950	2,000	6 of 14	37	14	Technical
469	McGraw-Hill/ 9	Joseph L Dionne/53	425	141	—	566	17 of 21	20	8	Operations
383	MCI Communications/31	William G McGowan/58	645	—	—	645	10 of 16	17	17	Founder
247	McKesson/19	Neil E Harlan/65	811	20	47	878	15 of 30	12	2	Finance
478	MCorp/ 5	Gene H Bishop/56	476	45	—	521	86 of 192	11	11	Banking
107	Mead/27	Burnell R Roberts/59	626	8	745	1,379	3 of 14	19	4	Finance
278	Mellon Bank/ 5	J David Barnes/57	740	77	—	817	39 of 192	30	5	Banking

NOTE: For explanation of industry group rankings, see page 151. [34]Succeeded by Lawrence O Kitchen, 1/1/86. [35]Succeeded by Frank J Tasco, 1/16/86.
[36]Figures are for year ended 1/31/85.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
221	Melville/28	Francis C Rooney Jr/64	746	—	182	928	18 of 41	33	22	Retailing
370	MeraBank/ 5	Gene E Rice/56	640	26	—	666	58 of 192	32	4	Banking
448	Mercantile Bancorp/ 5	Donald E Lasater/60	490	18	58	566	78 of 192	27	15	Legal
213	Mercantile Bksha/ 5	H Furlong Baldwin/54	385	15	540	940	28 of 192	29	10	Banking
317	Mercantile Stores/28	Leon F Winbigler/60	729	30	—	759	21 of 41	37	11	Retailing
567	Merchants National/ 5	Otto N Frenzel III/55	383	44	—	428	116 of 192	31	13	Banking
363	Merck/19	P Roy Vagelos/56	679	2	—	681	23 of 30	11	1	Technical
541	Meridian Bancorp/ 5	Samuel A McCullough/47	432	20	—	452	107 of 192	10	8	Banking
66	Merrill Lynch /16	William A Schreyer/58	1,601	—	—	1,601	8 of 15	38	1	Investment
2	Mesa Petroleum/25	T Boone Pickens Jr/58	4,203	5,674	—	9,877	1 of 36	29	29	Founder
519	Michigan National/ 5	Robert J Mylod/46	413	70	—	484	98 of 192	1	1	Banking
770	Middle South Utils/15	Edwin A Lupberger/50	191	4	—	196	65 of 75	7	1	Finance
217	Midlantic Banks/ 5	Robert Van Buren/61	723	217	--	939	30 of 192	15	9	Banking
271	Minn Mining & Mfg/13	[37]Lewis W Lehr/65	829	—	—	829	21 of 30	39	7	Technical
715	Minnesota Power/15	Jack F Rowe/59	221	59	—	280	46 of 75	35	7	Technical

Winners and losers

Median compensation for chief executives in financial services jumped 91% in 1985 and fell 30% for those in the electrical equipment industry.

31	Mobil/25	[38]Rawleigh Warner Jr/65	1,541	323	342	2,206	3 of 36	32	16	Finance
698	Monarch Capital/21	Gordon N Oakes Jr/45	304	—	—	304	33 of 38	3	3	Banking
755	Monfort of Colorado/18	Kenneth W Monfort/57	220	—	—	220	24 of 24	36	6	Founder
344	Monsanto/ 7	Richard J Mahoney/52	500	149	57	706	9 of 17	23	2	Marketing
780	Montana Power/15	W Paul Schmechel/59	167	8	—	174	70 of 75	32	3	Operations
697	Moore Financial/ 5	Fred C Humphreys/62	301	4	—	305	160 of 192	35	1	Banking
111	JP Morgan/ 5	Lewis T Preston/59	1,163	84	95	1,342	14 of 192	34	6	Banking
492	Morrison-Knudsen/11	William J Dessy/48	509	—	—	509	11 of 16	22	1	Technology
16	Morton Thiokol/ 7	Charles S Locke/57	884	14	2,094	2,991	1 of 17	10	6	Finance
452	Motorola/31	Robert W Galvin/63	540	25	—	564	13 of 16	46	26	Administration
582	Murphy Oil/25	Robert J Sweeney/58	383	18	12	413	31 of 36	34	2	Operations
458	Nalco Chemical/ 7	Worley H Clark Jr/54	362	156	36	554	13 of 17	26	3	Sales
727	Nash Finch/17	Harold B Finch Jr/58	220	44	3	267	24 of 26	20	4	Technical
700	National Bcshs Texas/ 5	Richard W Calvert/54	294	8	—	302	162 of 192	22	15	Banking
100	National City / 5	[39]Julien L McCall/65	675	10	736	1,421	10 of 192	14	5	Banking
44	National Distillers/ 7	[40]Drummond C Bell/70	748	—	1,286	2,034	2 of 17	29	15	Finance
592	National Intergroup/23	Howard M Love/56	550	83	—	633	5 of 15	30	6	Operations
19	National Medical/19	Richard K Eamer/58	985	—	1,914	2,899	1 of 30	17	17	Founder
89	Natl Semiconductor/10	Charles E Sporck/58	362	3	1,177	1,542	4 of 32	19	19	Production
521	National Service/14	Erwin Zaban/64	477	—	—	477	4 of 5	49	13	Administration
246	Navistar Intl/ 4	Donald D Lennox/67	475	403	—	878	10 of 18	6	3	Operations
251	NBD Bancorp/ 5	Charles T Fisher III/56	745	124	—	868	32 of 192	27	3	Banking
379	NCNB/ 5	Hugh L McColl Jr/51	600	51	—	651	61 of 192	26	2	Banking
226	NCR/10	Charles E Exley Jr/56	905	9	—	915	15 of 32	9	3	Finance
664	New England Electric/15	Samuel Huntington/47	247	90	—	337	30 of 75	9	1	Administration

NOTE: For explanation of industry group rankings, see page 151. [37]Succeeded by Allen Jacobson, 3/1/86. [38]Succeeded by Allen E Murray, 2/1/86. [39]Succeeded by J Robert Killpack, 4/28/86. [40]Succeeded by John Hoyt Stookey, 4/24/86.

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
752	NY State E&G/15	Wells P Allen Jr/65	226	—	—	227	57 of 75	37	3	Technical
139	New York Times/ 9	Arthur Ochs Sulzberger/60	710	240	243	1,193	8 of 21	32	23	Journalism
635	Newmont Mining/23	Gordon R Parker/50	360	—	—	360	14 of 15	27	1	Operations
678	Niagara Mohawk Power/15	John G Haehl Jr/63	320	2	—	322	35 of 75	24	13	Finance
551	Nicor/24	[41]Clarence J Gauthier/64	277	169	—	445	17 of 23	40	15	Technical
400	NL Industries/25	Theodore C Rogers/52	595	24	—	619	23 of 36	6	4	Operations
604	Nordstrom/28	[42]Bruce A Nordstrom/53	300	43	48	391	35 of 41	31	15	Retailing
237	Norfolk Southern/30	Robert B Claytor/64	812	19	59	890	9 of 14	34	4	Legal
384	Nor. ar Bancorp/ 5	Peter D Kiernan/62	529	116	—	644	53 of 192	12	12	Insurance
255	North Amer Philips/12	Cees Bruynes/53	810	54	—	864	5 of 15	11	4	Marketing
603	Northeast Bancorp/ 5	Thomas F Richardson/64	326	13	52	391	124 of 192	39	12	Banking
734	Northeast Savings/ 5	Kent Dixon/48	254	—	—	254	175 of 192	25	3	Banking
680	Northeast Utilities/15	William B Ellis/45	320	—	—	320	37 of 75	10	3	Technical
679	No Indiana Pub Svc/15	Edmund A Schroer/58	284	38	—	322	36 of 75	9	9	Legal
580	No States Power/15	Donald W McCarthy/64	413	6	—	418	18 of 75	38	9	Operations
158	Northern Trust/ 5	Weston R Christopherson/61	639	425	—	1,064	19 of 192	1	1	Legal
124	Northrop/ 1	Thomas V Jones/65	1,200	55	—	1,255	3 of 14	32	26	Technical
629	Northwestern Natl Life/21	John E Pearson/59	332	35	—	366	31 of 38	33	9	Sales
393	Norwest/ 5	Lloyd P Johnson/56	478	154	—	633	66 of 192	1	1	Banking
401	Nucor/23	F Kenneth Iverson/60	431	187	—	618	7 of 15	23	20	Technical
576	NWA/ 2	Steven G Rothmeier/39	350	—	70	420	10 of 14	13	1	Finance
259	Nynex/31	Delbert C Staley/61	780	57	19	856	6 of 16	40	2	Operations
145	Occidental Petroleum/25	Armand Hammer/88	1,127	30	—	1,157	11 of 36	28	28	Finance
669	Ohio Edison/15	Justin T Rogers Jr/56	333	—	—	333	33 of 75	27	6	Legal
685	Oklahoma G&E/15	James G Harlow Jr/52	302	—	—	302	39 of 75	25	10	Finance
638	Old Kent Financial/ 5	John C Canepa/55	365	—	—	365	137 of 192	16	4	Banking
729	Old Republic Intl/21	William R Stoves/63	266	—	—	266	35 of 38	41	10	Insurance
594	Old Stone / 5	Theodore W Barnes/55	401	—	—	401	123 of 192	36	10	Banking
179	Olin/13	John M Henske/62	610	25	373	1,009	14 of 30	16	8	Operations
371	Owens-Corning/11	William W Boeschenstein/60	615	23	27	665	6 of 16	35	13	Marketing
152	Owens-Illinois/26	Robert J Lanigan/58	811	172	106	1,089	2 of 6	35	2	Operations
338	Paccar/ 4	Charles M Pigott/57	719	—	—	719	11 of 18	30	18	Administration
742	Pacific First Finl/ 5	James K Anderson/50	237	12	—	248	178 of 192	4	2	Banking
369	Pacific G&E/15	[43]Frederick W Mielke Jr/65	650	16	—	667	2 of 75	35	7	Legal
211	Pacific Lighting/24	Paul A Miller/61	675	267	—	942	5 of 23	37	17	Finance
673	Pacific Resources/25	Robert G Reed III/58	329†	—	—	329	34 of 36	1	1	Administration
347	Pacific Telesis/31	Donald E Guinn/53	587	115	—	702	9 of 16	32	2	Operations
476	PacifiCorp/15	Don C Frisbee/62	522	—	—	522	6 of 75	32	14	Finance
53	Paine Webber Group/16	Donald B Marron/51	1,206	5	722	1,934	4 of 15	27	6	Investment
490	Pan Am / 2	C Edward Acker/57	500	11	—	511	8 of 14	4	4	Administration
475	Panhandle Eastern/24	Robert D Hunsucker/61	485	—	38	523	15 of 23	34	3	Finance
482	Parker-Hannifin/20	Paul G Schloemer/57	510	6	—	515	8 of 11	28	2	Operations
670	Payless Cashways/28	David Stanley/50	332	—	—	332	37 of 41	6	4	Legal
304	Penn Central/13	Alfred W Martinelli/58	750	30	—	780	23 of 30	26	4	Finance
593	Pennbancorp/ 5	William F Roemer/52	240	20	143	403	121 of 192	7	1	Banking

NOTE: For explanation of industry group rankings, see page 151. †Salary since joining company, 5/1/85. [41]Succeeded by Richard G Cline, 1/1/86. [42]Office jointly held with James F & John N Nordstrom. [43]Succeeded by Richard A Clark, 5/1/86.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
336	JC Penney/28	William R Howell/50	587	138	—	725	23 of 41	28	2	Retailing
726	Pennsylvania P&L/15	Robert K Campbell/56	269	—	—	269	49 of 75	9	7	Technical
306	Pennzoil/25	J Hugh Liedtke/64	666	114	—	780	17 of 36	30	23	Legal
642	Peoples Bancorp/ 5	Joshua Green III/50	355	—	—	355	139 of 192	25	9	Banking
436	Peoples Energy/24	Eugene A Tracy/58	244	7	326	577	12 of 23	34	4	Finance
60	PepsiCo/ 6	[46]Donald M Kendall/65	1,168	—	680	1,848	4 of 9	39	23	Marketing
444	Perkin-Elmer/10	Horace G McDonell Jr/57	507	1	61	569	23 of 33	34	1	Technical
712	Perpetual American/ 5	Thomas J Owen/51	281	2	—	283	166 of 192	11	9	Banking
787	Petrie Stores/28	Milton J Petrie/83	150	—	—	150	40 of 41	59	59	Founder
30	Pfizer/19	Edmund T Pratt Jr/59	1,060	—	1,200	2,260	3 of 30	21	13	Finance
360	PHH Group/29	Jerome W Geckle/57	503	18	163	683	5 of 7	30	5	Administration
13	Phibro-Salomon/16	John H Gutfreund/57	3,066	42	—	3,108	1 of 15	33	2	Investment
667	Philadelphia Electric/15	James L Everett/59	336	—	—	336	31 of 75	36	8	Technical
159	Philip Morris Cos/ 6	Hamish Maxwell/59	1,061	1	—	1,062	6 of 9	32	1	Marketing
314	Phillips Petroleum/25	C J Silas/54	660	103	—	763	19 of 36	32	1	Operations
484	Piedmont Aviation/ 2	William B Howard/64	542	—	—	542	7 of 11	8	3	Legal
274	Pillsbury/18	John M Stafford/49	491	—	332	824	11 of 24	11	1	Administration
725	Pioneer Hi-Bred Intl/18	Thomas N Urban/52	270	—	—	270	22 of 24	25	5	Administration
144	Pitney Bowes/10	George B Harvey/55	638	528	—	1,166	8 of 32	29	3	Finance
304	Pittston/ 6	Paul W Douglas/59	500	—	—	500	1 of 1	2	2	Sales
437	PNC Financial/ 5	Thomas H O'Brien/49	472	36	68	576	74 of 192	23	1	Banking
618	Polaroid/22	[45]William J McCune Jr/71	375	—	—	375	13 of 13	46	6	Technical
722	Portland General/15	Robert H Short/61	259	16	—	276	48 of 75	31	5	Finance
479	Potomac Electric/15	W Reid Thompson/61	460	60	—	520	7 of 75	15	15	Legal
228	PPG Industries/ 4	Vincent A Sarni/57	586	262	61	910	9 of 18	17	1	Marketing
708	Premier Industrial/10	Morton L Mandel/65	285	—	—	285	31 of 32	46	46	Founder
758	Price Co/28	Robert E Price/43	218	—	—	218	39 of 41	10	10	Founder
309	Primark/24	Robert W Stewart/61	371	27	373	772	8 of 23	15	5	Marketing
197	Prime Computer/10	Joe M Henson/52	672	—	298	970	13 of 32	4	4	Marketing
143	Procter & Gamble/12	John G Smale/58	932	160	77	1,169	1 of 15	33	5	Administration
549	Provident Life & Acc/21	H Carey Hanlin/61	446	—	—	446	26 of 38	37	7	Insurance
294	PSFS/ 5	Frederick S Hammer/50	751	39	—	790	43 of 192	1	1	Banking
736	Public Service Colo/15	Richard F Walker/62	252	1	—	252	52 of 75	36	7	Technical
777	Public Service Ind/15	Hugh A Barker/60	185	2	—	186	69 of 75	27	9	Finance
774	Public Service NH/15	Robert J Harrison/55	193	—	—	193	67 of 75	29	3	Finance
528	Public Service NM/15	Jerry D Geist/52	467	—	—	467	11 of 75	26	10	Technical
589	Public Service E&G/15	Harold W Soun/65	398	8	—	406	20 of 75	39	2	Administration
708	Puget Sound P&L/15	John W Ellis/57	284	6	—	290	42 of 75	16	10	Legal
199	Quaker Oats/18	William D Smithburg/47	748	9	206	963	8 of 24	20	4	Marketing
733	Questar/24	R D Cash/44	244	9	2	255	21 of 23	9	4	Technical
469	Rainier Bancorp/ 5	G Robert Truex Jr/62	533	—	—	533	83 of 192	12	12	Banking
407	Ralston Purina/18	William P Stiritz/51	600	11	—	611	14 of 24	22	4	Marketing
692	Raychem/14	Paul M Cook/62	304	4	—	308	5 of 5	29	29	Founder
206	Raytheon/13	Thomas L Phillips/62	943	11	—	954	16 of 30	38	17	Technical
200	RCA/13	Robert R Frederick/60	941	18	—	960	15 of 30	3	1	Operations

NOTE: For explanation of industry group rankings, see page 151. [46]Succeeded by D Wayne Calloway, 5/7/86. [45]Succeeded by I MacAllister Booth, 1/1/86.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
558	Republic Airlines/ 2	Stephen M Wolf/44	244	78	119	441	9 of 14	2	1	Administration
426	Republic New York/ 5	Walter H Weiner/55	587	—	—	587	71 of 192	6	6	Legal
412	RepublicBank/ 5	Gerald W Fronterhouse/50	561	41	—	602	68 of 192	23	1	Banking
459	Revco DS/28	Sidney Dworkin/65	522	30	—	552	27 of 41	30	19	Founder
0	Revlon Group/28	Ronald O Perelman/42	—	—	—	—	41 of 41	1	1	Administration
500	Reynolds Metals/23	David P Reynolds/71	489	13	—	502	10 of 15	49	10	Marketing
504	Riggs National/ 5	Joe L Allbritton/61	500	—	—	500	93 of 192	5	4	Finance
495	Rite Aid/28	Alex Grass/58	506	—	—	506	28 of 41	33	23	Founder
97	[46]RJR Nabisco/ 6	J Tylee Wilson/55	1,349	37	62	1,447	5 of 9	12	2	Administration
493	Roadway Services/30	Charles F Zedrow/63	486	22	—	508	13 of 14	27	4	Finance
684	AH Robins/19	E Claiborne Robins Jr/42	317	—	—	317	29 of 30	17	8	Administration
743	Rochester G&E/15	Paul W Briggs/63	228	19	—	247	55 of 75	40	5	Finance
8	Rockwell Intl/ 1	Robert Anderson/65	1,326	1,427	914	3,666	1 of 14	18	12	Technical
346	Rohm & Haas/ 7	Vincent L Gregory Jr/63	689	13	—	702	10 of 17	36	15	Finance
284	Rubbermaid/12	Stanley C Gault/60	799	9	—	808	6 of 15	6	6	Marketing
66	Ryder System/30	M Anthony Burns/43	846	—	955	1,802	3 of 14	12	8	Finance
289	Safeco/21	[47]Roland M Tratton/66	381	43	377	800	13 of 38	33	7	Finance
83	Safeway Stores/17	Peter A Magowan/44	844	23	757	1,624	2 of 26	18	6	Administration
381	Saga /17	Charles A Lynch/58	606	40	—	646	15 of 26	7	7	Marketing
298	St Paul Cos/21	Robert J Haugh/60	676	—	110	786	14 of 38	37	2	Insurance
606	San Diego G&E/15	Thomas A Page/53	369	19	—	388	22 of 75	8	4	Technical
337	Santa Fe Southern/30	John J Schmidt/58	716	4	—	720	10 of 14	30	3	Legal
88	Sara Lee/18	John H Bryan Jr/49	1,067	501	—	1,568	3 of 24	26	11	Administration
773	Scana/15	John A Warren/61	183	10	—	194	66 of 75	4	1	Operations
204	Schering-Plough/19	Robert P Luciano/52	730	35	190	955	13 of 30	7	4	Legal
368	Scott Paper/12	Philip E Lippincott/50	667	—	—	667	11 of 13	27	4	Operations
126	Sea-Land/30	Joseph P Abely Jr/57	476	775	—	1,251	6 of 14	9	2	Finance
71	Sears, Roebuck/28	[48]Edward R Telling/67	1,410	93	233	1,736	5 of 41	40	8	Retailing
70	Security Pacific/ 5	Richard J Flamson III/57	923	33	789	1,745	5 of 192	31	7	Banking
424	Service Merchandise/28	Raymond Zimmerman/53	560	29	—	589	25 of 41	25	13	Founder
654	Shared Medical Sys/19	R James Macaleer/52	333	13	—	346	28 of 30	17	17	Founder
390	Shawmut / 5	John P LaWare/58	640	—	—	640	65 of 192	7	5	Banking
29	Sherwin-Williams/28	John G Breen/51	798	26	1,442	2,266	2 of 41	7	7	Operations
767	Shoney's/17	[49]R L Danner/61	200	—	—	200	26 of 26	28	10	Operations
14	Singer/ 1	Joseph B Flavin/57	685	1,685	627	2,997	3 of 14	10	10	Finance
150	SmithKline Beckman/19	Henry Wendt/52	983	37	98	1,117	10 of 30	31	4	Marketing
572	Snap-on Tools/ 4	William B Rayburn/61	424	—	—	424	17 of 18	32	2	Marketing
174	Society / 5	Gordon E Heffern/62	496	23	518	1,036	21 of 192	12	3	Administration
607	Society for Savings/ 5	Elliot C Miller/52	214	174	—	387	125 of 192	14	7	Legal
373	Sonat/24	Ronald L Kuehn Jr/51	557	103	—	659	11 of 23	6	2	Legal
644	South Carolina Natl/ 5	James G Lindley/55	339	15	—	354	141 of 192	7	5	Banking
573	Southeast Banking/ 5	Charles J Zwick/59	415	9	—	424	117 of 192	17	6	Finance
455	Southern Calif Edison/15	Howard P Allen/60	558	—	—	558	5 of 75	32	1	Legal
411	Southern Company/15	Edward L Addison/56	606	—	—	606	4 of 75	32	2	Technical
641	So New England Tel/31	Walter H Monteith Jr/55	346	9	—	355	16 of 16	31	2	Sales

NOTE: For explanation of industry group rankings, see page 151. [46]Formerly RJ Reynolds Inds. [47]Succeeded by Bruce Maines, 1/1/86. [48]Succeeded by Edward A Brennan, 1/1/86. [49]Succeeded by J Mitchell Boyd, 3/18/86.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
164	Southland/17	[50]John P Thompson/60	954	102	—	1,057	5 of 26	37	25	Finance
468	Southmark/16	Gene E Phillips/48	533	—	—	533	12 of 15	6	6	Investment
494	SouthTrust/ 5	Wallace D Malone Jr/49	443	63	—	506	89 of 192	27	5	Banking
591	Southwest Airlines/ 2	Herbert D Kelleher/55	405	—	—	405	11 of 14	19	4	Legal
196	Southwestern Bell/31	Zane E Barnes/64	950	21	—	971	3 of 16	44	11	Operations
762	Southwestern Pub Svc/15	Bert Ballengee/61	206	4	—	210	61 of 75	37	1	Finance
352	Sovran Financial/ 5	Clifford A Cutchins III/62	474	94	126	694	54 of 192	38	6	Banking
302	Sperry/10	Gerald G Probst/62	698	24	59	781	18 of 32	25	4	Technical
440	Square D/14	Donald L Krauss/58	572	—	—	572	3 of 5	17	2	Technical
21	Squibb/19	Richard M Furlaud/63	1,050	520	1,210	2,780	2 of 30	30	20	Legal
191	Staley Continental/18	Dalton E Nordlund/64	871	106	—	977	6 of 24	30	13	Administration
312	Standard Oil/25	[51]Alton W Whitehouse Jr/58	615	29	126	770	18 of 36	17	8	Legal
231	Stanley Works/20	Donald W Davis/65	785	120	—	905	3 of 11	38	20	Administration
483	State Street Boston/ 5	William S Edgerly/59	515	—	—	515	87 of 192	10	10	Finance
378	Sterling Drug/19	John M Pietruski/53	653	—	—	653	24 of 30	8	1	Operations

Making ends meet

The average salary plus bonus of America's top chief executives rose 10.3% over the previous year's. The inflation rate, as measured by the Consumer Price Index: 2.3%.

215	JP Stevens/ 3	Whitney Stevens/59	639	301	—	940	1 of 5	38	6	Sales
297	Stop & Shop Cos/17	Avram J Goldberg/56	460	—	329	789	13 of 26	28	7	Retailing
512	Student Loan/16	Edward A Fox/49	448	40	—	488	14 of 15	13	13	Finance
427	Subaru of America/ 4	Harvey H Lamm/50	557	30	—	587	13 of 18	18	11	Sales
785	Sumitomo Bank Cal/ 5	Teruhisa Shimizu/53	144	12	—	156	190 of 192	31	3	Banking
132	Sun Company/25	Robert McClements Jr/57	743	16	474	1,233	10 of 36	20	1	Technical
189	Sundstrand/ 1	Evans W Erikson/59	611	368	—	979	9 of 14	34	6	Technical
454	SunTrust Banks/ 5	Robert Strickland/60	320	239	—	559	81 of 192	38	10	Banking
653	Sunwest Financial/ 5	George S Jenks/59	334	12	—	346	148 of 192	35	4	Banking
609	Super Food Services/17	Jack Twyman/52	385	—	—	385	20 of 26	16	14	Administration
275	Super Valu Stores/17	Michael W Wright/48	543	—	280	823	11 of 26	9	5	Legal
252	Supermarkets General/17	Leonard Lieberman/57	676	—	192	868	10 of 26	22	3	Legal
737	Sysco/17	John F Woodhouse/55	208	—	44	252	25 of 26	16	3	Finance
457	Tambrands/12	Edwin H Shutt Jr/58	451	—	106	557	12 of 15	5	4	Marketing
535	Tandem Computers/10	James G Treybig/45	320	—	134	454	25 of 32	11	11	Founder
532	Tandy/28	John V Roach/47	414	46	—	461	31 of 41	19	4	Operations
485	TECO Energy/15	Hugh L Culbreath/65	293	50	171	513	8 of 75	29	14	Finance
772	Tecumseh Products/20	Kenneth G Herrick/65	195	—	—	195	11 of 11	46	15	Production
688	Tektronix/10	Earl Wantland/54	296	15	—	311	30 of 32	31	11	Operations
662	Tele-Communications/ 9	John C Malone/45	327	12	—	338	19 of 21	13	13	Administration
263	Teledyne/13	[52]Henry E Singleton/69	850	—	—	850	20 of 30	25	25	Founder
163	Telex/10	Stephen J Jatras/60	402	17	640	1,059	9 of 31	21	5	Technical
421	Temple-Inland/26	Clifford J Grum/51	591	1	—	592	4 of 6	17	2	Finance
245	Tenneco/24	James L Ketelsen/55	844	35	—	879	6 of 23	27	7	Finance
403	Tesoro Petroleum/25	Robert V West Jr/65	525	89	—	614	24 of 36	30	21	Founder

NOTE: For explanation of industry group rankings, see page 151. [50]Succeeded by Jere Thompson, 5/7/86. [51]Succeeded by Robert B Horton, 4/1/86. [52]Succeeded by George A Roberts, 4/23/86.

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
131	Texaco/25	John K McKinley/66	1,184	54	—	1,237	9 of 36	45	5	Technical
418	Texas Air/ 2	Francisco A Lorenzo/46	460	136	—	597	6 of 14	14	6	Finance
574	Texas American Bcshs/ 5	[53]Lewis H Bond/64	411	11	—	422	118 of 192	34	23	Banking
122	Texas Commerce Bcshs/ 5	Ben F Love/61	790	478	—	1,268	16 of 192	19	13	Finance
325	Texas Eastern/24	I David Bufkin/64	655	94	—	749	9 of 23	37	6	Technical
615	Texas Instruments/10	Jerry R Junkins/49	377	1	—	378	27 of 32	27	1	Operations
579	Texas Utilities/15	Perry G Brittain/61	404	15	—	419	17 of 75	36	3	Technical
120	Textron/13	Beverly F Dolan/58	1,247	30	—	1,277	10 of 30	32	1	Operations
701	Third National / 5	Charles W Cook Jr/51	282	17	—	298	163 of 192	26	1	Banking
149	Thrifty Corp/28	Leonard H Straus/71	524	13	580	1,118	12 of 41	40	29	Legal
326	Time Inc/ 9	J Richard Munro/55	722	—	26	748	13 of 21	28	5	Operations
119	Times Mirror/ 9	Robert F Erburu/55	872	405	—	1,277	5 of 21	24	5	Legal
713	[54]Toledo Edison/15	John P Williamson/64	250	31	—	281	45 of 75	35	13	Finance
611	Toledo Trustcorp/ 5	George W Haigh/54	330	1	54	384	127 of 192	9	7	Banking
279	Torchmark/21	Ronald K Richey/60	814	—	—	814	12 of 38	22	1	Insurance
676	Tosco/25	Matthew J Talbot/48	325	—	—	325	35 of 36	18	3	Finance
18	Toys "R" Us/28	Charles Lazarus/62	2,417	30	481	2,928	1 of 41	30	30	Founder
768	Trans World Airlines/ 2	[55]Richard D Pearson/51	200	—	—	200	14 of 14	18	1	Technical
422	Transamerica/21	James R Harvey/51	585	7	—	592	21 of 38	21	5	Finance
95	Transco Energy/24	William J Bowen/64	678	—	801	1,480	2 of 23	11	11	Operations
789	Transohio Finl/ 5	Jack D Burstein/40	113	—	—	113	191 of 192	1	1	Finance
241	Transworld/17	L Edwin Smart/62	710	108	65	883	9 of 26	19	9	Legal
117	Travelers/21	Edward H Budd/53	743	19	537	1,298	5 of 38	31	5	Insurance
0	Triangle Industries/26	Nelson Peltz/44	—	—	—	—	[56]6 of 6	2	2	Administration
366	Tribune/ 9	Stanton R Cook/60	643	28	—	672	15 of 21	35	14	Technical
41	TRW/13	Ruben F Mettler/62	910	30	1,126	2,967	2 of 30	31	8	Technical
181	Tucson Electric/15	Elmer Greve/58	220	8	771	999	1 of 75	11	1	Technical
547	Tumer/11	Herbert D Cannant/62	425	—	22	447	15 of 16	36	1	Technical
243	UAL/ 2	Richard J Ferris/49	883	—	—	883	3 of 14	23	7	Administration
470	Union Camp/27	[57]Peter J McLaughlin/57	521	11	—	532	8 of 14	40	6	Finance
218	Union Carbide/13	Warren M Anderson/64	761	176	—	937	17 of 30	41	4	Legal
674	Union Electric/15	William E Cornelius/54	323	4	—	327	34 of 75	23	2	Finance
776	Union National/ 5	George F Kesel/54	180	11	—	191	188 of 192	25	9	Banking
64	Union Pacific/30	William S Cook/63	1,143	17	654	1,814	2 of 14	17	3	Finance
699	Union Planters/ 5	Benjamin W Rawlins Jr/48	294	10	—	304	161 of 192	11	1	Banking
620	United Banks of Colo/ 5	N Berne Hart/56	368	16	—	385	126 of 192	32	7	Banking
731	United Brands/18	Carl H Lindner/67	259	—	—	259	23 of 24	1	1	Finance
728	United Financial/ 5	Jonard M Gross/56	267	—	—	267	174 of 192	1	1	Investment
788	United Illuminating/15	George W Edwards/47	128	—	—	128	75 of 75	1	1	Administration
313	United Jersey Banks/ 5	T Joseph Semrod/49	534	9	223	766	48 of 192	5	5	Banking
621	United Missouri Bcsh/ 5	R Crosby Kemper Jr/59	344	29	—	372	131 of 192	36	16	Banking
484	US Bancorp/ 5	John A Elorriaga/62	494	19	—	513	88 of 192	35	11	Banking
334	US Health Care/19	Leonard Abramson/54	633	92	—	725	20 of 30	9	10	Founder
121	United States Shoe/28	Philip G Barach/56	671	—	597	1,269	9 of 41	25	18	Administration
103	United States Steel/25	David M Roderick/62	1,008	—	387	1,395	7 of 36	27	7	Finance

NOTE: For explanation of industry group rankings, see page 151. [53]Succeeded by Joseph M Grant, 4/24/86. [54]Merged with Cleveland Electric to form Centerior Energy, 4/29/86. [55]Succeeded by Carl C Icahn, 1/3/86. [56]Fees paid to management consulting firm in which CEO has an interest. [57]Succeeded by Raymond E Cartledge, 1/1/86.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
54	US Tobacco/ 6	Louis F Bantle/57	1,109	25	795	1,928	3 of 9	23	13	Marketing
286	US Trust/ 5	Daniel P Davison/61	539	262	—	801	42 of 192	7	5	Banking
94	United Technologies/13	[a]Harry J Gray/66	1,119	371	—	1,4	8 of 30	14	13	Administration
559	United Telecom/31	William T Esrey/46	431	7	—	43	15 of 16	6	1	Administration
695	United Virginia Bksh/ 5	Richard G Tilghman/45	279	28	—	307	159 of 192	19	1	Banking
63	Unocal/25	Fred L Hartley/69	1,040	18	757	1,816	6 of 36	47	21	Technical
354	Upjohn/19	Ray T Parfet Jr/63	681	11	—	692	21 of 30	38	24	Finance
396	US West/31	Jack A MacAllister/58	613	13	—	625	11 of 16	36	10	Administration
333	USAir Group/ 2	Edwin I Colodny/60	550	30	149	729	4 of 14	28	10	Legal
575	USF&G/21	Jack Mooney/55	420	—	—	420	27 of 38	32	6	Insurance
208	USG/11	Robert J Day/61	629	19	302	950	1 of 16	36	1	Sales
350	USLife/21	Gordon E Crosby Jr/65	627	—	73	700	16 of 38	27	20	Marketing
769	Utah Power & Light/15	James C Taylor/61	187	10	—	197	64 of 75	33	1	Technical
442	Valero Energy/24	William E Greehey/50	547	24	—	571	13 of 23	22	12	Finance
782	Valley Federal S&L/ 5	Robert E Gibson/57	172	—	—	172	189 of 192	30	9	Banking
537	Valley National/ 5	Howard C McCurdy/54	436	6	13	454	104 of 192	11	3	Finance
328	VF / 3	Lawrence R Pugh/49	745	—	—	745	2 of 5	6	4	Marketing
10	Viacom Intern'tional/ 9	Terrence A Elkes/52	628	2,849	111	3,587	1 of 21	14	2	Legal
439	Vulcan Materials/11	W Hoseton Blount/64	511	61	—	572	10 of 16	31	7	Operations
658	Wal-Mart Stores/28	Sam M Walton/68	325	17	—	342	36 of 41	40	40	Founder
634	Waldbaum/17	Ira Waldbaum/57	360	—	—	360	21 of 26	39	37	Administration
207	Walgreen/28	Charles R Walgreen III/50	501	451	—	952	17 of 41	34	15	Operations
590	Wang Laboratories/10	An Wang/66	405	—	—	405	26 of 32	35	35	Founder
11	Warner Communications/22	Steven J Ross/58	2,800	724	—	3,524	2 of 13	24	24	Finance
260	Warner-Lambert/19	Joseph D Williams/59	840	15	—	855	16 of 30	36	1	Technical
686	Washington Mutual/ 5	Louis H Pepper/62	311	3	—	315	155 of 192	4	4	Legal
620	Washington National/21	Stanley P Hutchison/62	319	53	—	373	30 of 38	39	10	Legal
175	Washington Post/ 9	Katharine Graham/69	569	462	—	1,031	10 of 21	23	13	Administration
744	Washington Water/15	Paul A Redmond /49	239	4	—	242	56 of 75	21	1	Operations
67	Waste Management/29	Dean L Buntrock/55	778	69	942	1,789	2 of 7	29	17	Founder
659	Weis Markets/17	Sigfried Weis/70	327	13	—	340	23 of 26	47	26	Retailing
77	Wells Fargo/ 5	Carl E Reichardt/54	925	—	761	1,686	6 of 192	15	3	Banking
513	Wendy's Intl/17	Robert L Barney/49	487	—	—	487	17 of 26	16	6	Administration
745	Western Air Lines/ 2	Gerald Grinstein/54	238	5	—	242	13 of 14	3	1	Legal
588	Western Capital Inv/ 5	Junius F Baxter/62	400	7	—	407	120 of 192	37	18	Banking
429	Western S&L/ 5	Gary H Driggs/51	517	67	—	584	72 of 192	23	10	Banking
48	Westinghouse/13	Douglas D Danforth/63	990	1,001	—	1,991	3 of 30	31	2	Production
345	Westvaco/27	David L Luke III/62	673	31	—	704	7 of 14	34	22	Finance
466	Wetterau/17	Ted C Wetterau/58	536	—	—	536	16 of 26	34	16	Marketing
405	Weyerhaeuser/11	George H Weyerhaeuser/59	595	17	—	612	8 of 16	36	20	Production
161	Whirlpool/12	Jack D Sparks/63	910	151	—	1,061	3 of 15	43	3	Marketing
527	Whitney Holding/ 5	Patrick A Delaney/54	425	43	—	468	100 of 192	32	9	Banking
93	Wickes Cos/28	Sanford C Sigoloff/55	1,474	30	—	1,504	8 of 41	4	4	Operations
570	Willamette Inds/27	William Swindells Jr/55	404	23	—	427	11 of 14	32	4	Operations
341	Williams Cos/24	Joseph H Williams/53	671	42	—	714	10 of 23	27	7	Operations

NOTE: For explanation of industry group rankings, see page 151. [a]Succeeded by Robert F Daniell, 1/1/86.

Who Gets The Most Pay

Rank	Company/industry	Chief executive/age	Compensation ($000) salary and bonus	other	stock gains	total	Rank in industry	Tenure (years) with firm	as CEO	Business background
419	Wilmington Trust/ 5	Bernard J Taylor II/60	410	—	187	597	70 of 192	6	6	Banking
581	Wilson Foods/18	Kenneth J Griggy/52	375	40	—	415	18 of 24	10	10	Marketing
592	Winn-Dixie Stores/17	A Dano Davis/41	377	26	—	403	18 of 26	17	3	Retailing
687	Wisconsin Electric/15	Charles S McNeer/60	308	5	—	313	40 of 75	36	10	Technical
741	Wisconsin P&L/15	James R Underkofler/62	248	1	—	249	54 of 75	44	17	Finance
753	Wisconsin Public Svc/15	Paul D Ziemer/64	225	2	—	226	58 of 75	38	15	Administration
589	Wisco/ 7	William Wishnick/61	491	—	—	491	15 of 17	44	14	Administration
185	FW Woolworth/28	John W Lynn/65	984	—	—	984	15 of 41	44	3	Operations
169	Xerox/10	David T Kearns/55	799	30	224	1,053	11 of 32	14	4	Sales
372	Yellow Freight System/30	George E Powell Jr/60	618	43	—	662	11 of 14	34	17	Administration
72	Zayre/28	Maurice Segall/57	1,200	—	527	1,727	6 of 41	8	8	Retailing
602	Zenith Electronics/12	Jerry K Pearlman/47	368	22	2	391	15 of 15	15	3	Finance
661	Zions Utah Bancorp/ 5	Roy W Simmons/70	232	108	—	339	150 of 192	32	20	Banking

NOTE: For explanation of industry group rankings, see page 151.

Ranked by industry

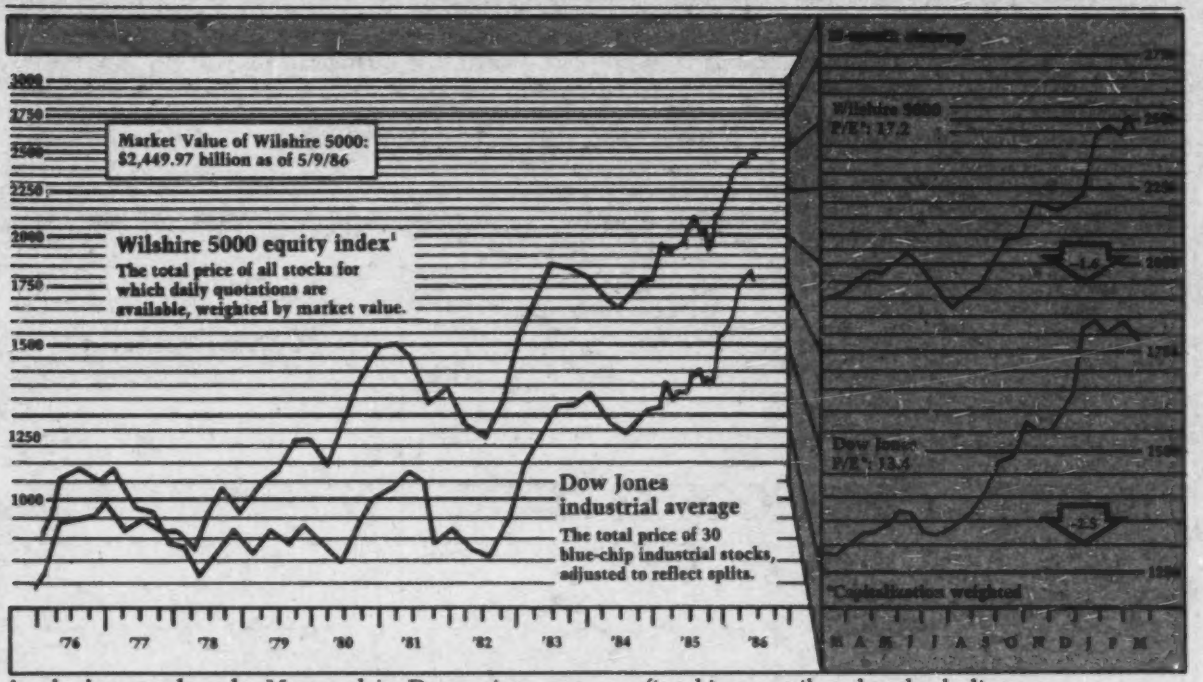
Below are the median pay levels for chief executives, and the highest and lowest paid chief executives in 31 industry groups. Wall Street had a good year in 1985—good enough to raise the median total compensation of top executives in financial services to $1.6 million. Best paid: Phibro-Salomon's John H. Gutfreund, at $3.1 million.

Industry/number of companies	Total compensation median ($000)	highest paid company	highest paid executive	highest paid ($000)	lowest paid company	lowest paid executive	lowest paid ($000)
Financial services/15	1,601		John H Gutfreund	3,108	H&R Block	Henry W Bloch	475
Aerospace and defense/14	1,479	Rockwell Intl	Robert Anderson	3,666	Ex-Cell-O	E Paul Casey	620
Beverages and tobacco/9	1,447	Anheuser-Busch Cos	August A Busch III	2,424	Adolph Coors	William K Coors	387
Surface transportation/14	1,141	CSX	Hays T Watkins	2,083	Leaseway Transport	Gerald C McDonough	419
Diversified companies/30	957	Allied-Signal	Edward L Hennessy Jr	2,755	Berkshire Hathaway	Warren E Buffett	100
Automotive/18	894	Chrysler	Lee A Iacocca	11,449	American Motors	Jose J Dedeurwaerder	371
Services/7	890	Browning-Ferris Inds	Harry J Phillips Sr	1,986	Automatic Data Proc	Josh S Weston	593
Health/30	867	National Medical	Richard K Eamer	2,899	Genentech	Robert A Swanson	285
Leisure and recreation/13	863	Hasbro	Stephen D Hassenfeld	4,764	Polaroid	William J McCune Jr	375
Computers and electronics/32	825	Eaton	E Mandell de Windt	2,626	Intergraph	James W Meadlock	175
Heavy equipment/11	809	Illinois Tool Works	John D Nichols	1,004	Tecumseh Products	Kenneth G Herrick	195
Communications media/21	800	Viacom International	Terrence A Elkes	3,587	American Greetings	Irving I Stone	250
Consumer products/15	789	Procter & Gamble	John G Smale	1,169	Zenith Electronics	Jerry K Pearlman	391
Food processors/24	780	HJ Heinz	Anthony JF O'Reilly	4,093	Monfort of Colorado	Kenneth Monfort	220
Oil/36	767	Mesa Petroleum	T Boone Pickens Jr	9,877	Big Three Industries	Harry K Smith	318
Retailing/40	759	Toys 'R' Us	Charles Lazarus	2,928	Petrie Stores	Milton J Petrie	150
Telecommunications/16	751	American Tel & Tel	Charles L Brown	1,695	So New England Tel	Walter H Monteith Jr	355
Packaging/5	736	American Can	William S Woodside	2,150	Crown Cork & Seal	John F Connelly	217
Food distributors/26	722	Great A&P Tea	James Wood	2,314	Shoney's	RL Danner	200
Chemicals/17	706	Morton Thiokol	Charles S Locke	2,991	Koppers	Charles R Pullin	292
Apparel and textiles/5	693	JP Stevens	Whitney Stevens	940	Burlington Inds	William A Klopman	503
Insurance/37	622	Home Group	George T Scharffenberger	3,945	Kemper	Joseph E Luecke	195
Paper/14	618	James River Corp Va	Brenton S Halsey	2,104	Consolidated Papers	George W Mead	336
Construction/16	597	USG	Robert J Day	950	CBI Industries	William A Pogue	434
Natural gas/23	577	Enron	Kenneth L Lay	3,794	Iowa-Illinois G&E	Barry C O'Brien	185
Electrical equipment/5	572	Emerson Electric	Charles F Knight	1,075	Raychem	Paul M Cook	300
Metals/15	568	Alleghany	Fred M Kirby	1,079	Homestake Mining	Harry M Conger	280
Air transport/14	526	AMR	Robert L Crandall	1,244	Trans World Airlines	Richard D Pearson	200
Coal/1	500	Pittston	Paul W Douglas	500	—	—	—
Banks/192	485	Columbia S&L	Thomas Spiegel	9,032	First Florida Banks	A Bronson Thayer	8
Electric utilities/75	320	Tucson Electric	Einar Greve	999	United Illuminating	George W Edwards Jr	128

NOTE: Forbes, in its Annual Report on American Industry *(Jan. 13, 1986)* lists companies in as many as three industries. Throughout these tables, Forbes ranks CEOs' compensation by primary industry.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



A winning streak ends. Measured in Dow points, not percentages, Wall Street suffered one of its biggest one-day losses early in the recent two-week period. In that single trading session, when the Dow industrials fell almost 42 points, the 5,600 Wilshire stocks gave up more than $46 billion in market valuation. The drop in the Wilshire was greater than the capitalization of Exxon, the second-biggest company by market capital. Chernobyl, fears about further weakening of the dollar and good old-fashioned profit-taking contributed to the decline.

The correction was drastic but short. Investors didn't panic, and share prices quickly stabilized. The Dow ended the ten-day trading session 2.5% lower than it was at the start, yet it managed to eke out a 0.8% gain from its low during the period. From its nadir the Wilshire index recovered 1.3% and finished the stretch with only a 1.6% loss. Secondary issues held up somewhat better: The Amex was off 0.1%, the Nasdaq 0.8%.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000[1]	Forbes 500[2]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.0	–1.3	0.0	0.7	1.0	2.7
in last 52 weeks	25.4	28.9	40.4	28.6	19.6	35.4

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $5
in last 4 weeks	0.3	5.1	8.5	4.7	3.2	1.7	0.4	4.5	6.8	1.1	2.2	3.3
in last 52 weeks	31.0	46.3	71.5	38.9	30.0	64.2	24.3	47.6	60.3	38.1	44.1	27.8

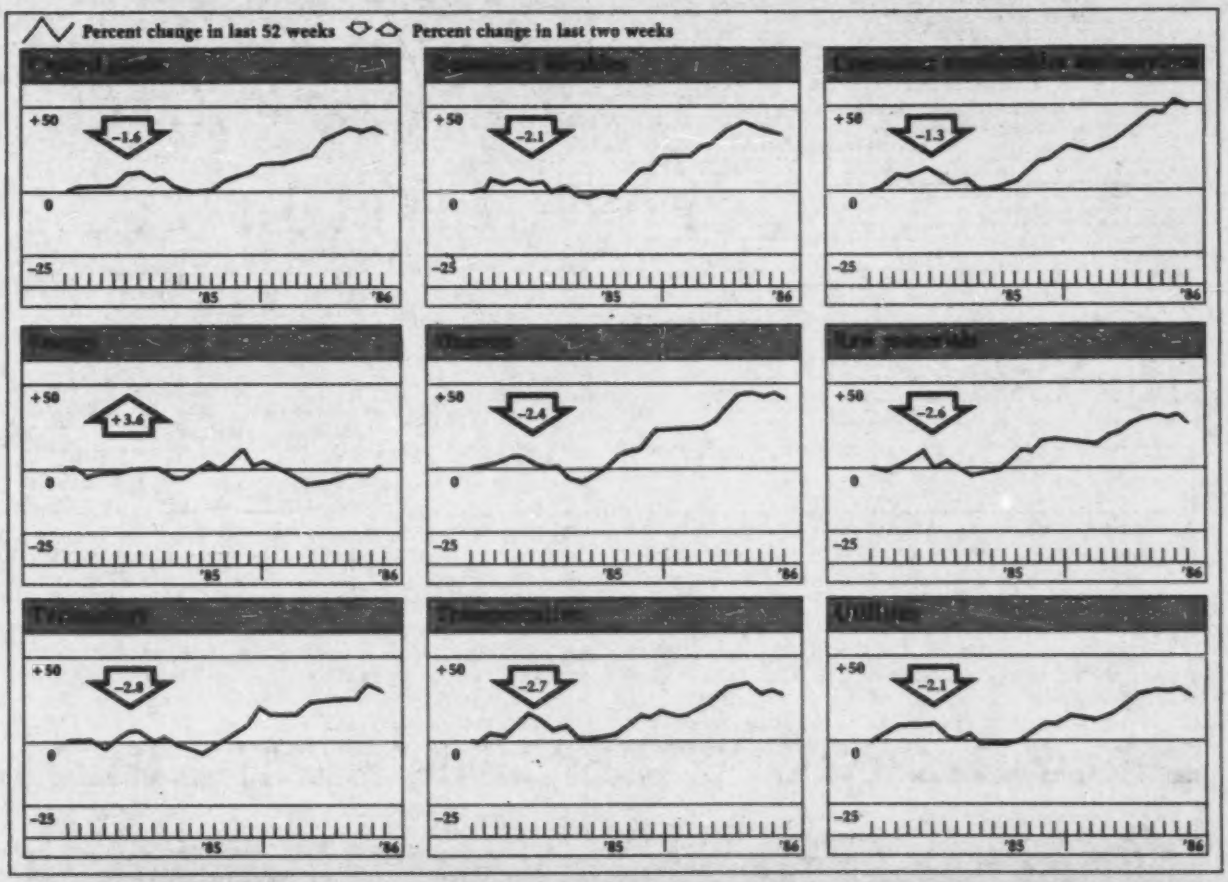
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/9/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Guy Francis

Where The Action Is

Oil turns the tables. Collapsing oil prices left the energy sector with nearly a 4% loss for the last 52 weeks, while the eight remaining Wilshire sectors show 52-week gains of 22% to 46%. But in the last ten trading days the situation changed, at least temporarily, as the energy group gained 3.6% while the remaining sectors lost ground. Escalation of the conflict between Iran and Iraq, the start of the warm-weather driving season in the U.S. and speculation that OPEC would regain some control over supply helped push up spot-market prices. The nuclear accident at Chernobyl will probably force the Russians to burn more oil for electricity. The best energy gainers over the last two weeks: Louisiana Land & Exploration, Ocean Drilling & Exploration and Ashland Oil.



What The Analysts Think

Earnings are another matter. In the last two weeks oil stocks moved opposite a declining market. At the same time, however, security analysts made the sharpest cuts in their 1986 earnings forecasts for the energy group. Estimates for oils fell 3.5%. That comes on top of a 7.2% scale-back of oil estimates two weeks earlier.

Performance period	Average earnings per share	P/E
latest 12 months	$2.96	16.0
1986 estimates	3.87	12.3
1987 estimates	4.49	10.7

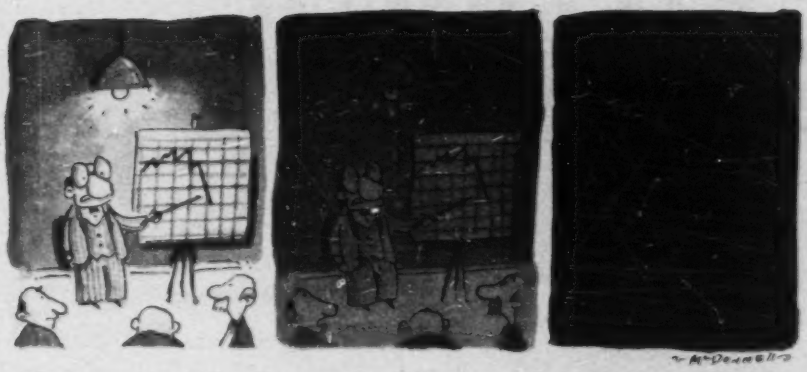
1	Utilities	$3.22	9.4	2.12%	1.79%
2	Finance	3.78	10.8	0.02	0.34
3	Consumer nondurables	2.36	16.2	0.02	1.59
4	Capital Goods	2.69	14.8	–0.23	–1.04
5	Consumer durables	4.27	9.7	–0.30	–0.14
6	Technology	2.72	14.9	–0.83	–2.13
7	Raw materials	2.12	15.1	–0.85	–1.85
8	Transportation	2.31	12.8	–2.38	–6.62
9	Energy	2.52	11.6	–3.46	–10.44

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 5/9/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

How safe are those fat utility dividends? Not only the nuclear-heavy electrics deserve close watching. Some of the others are short on cash, too.

Looking past Chernobyl



By Michael Ozanian

ONCE THE INITIAL PANIC from the Soviet nuclear disaster subsided, investors pushed share prices of most electric utilities back to previous levels. But the disaster sharply reminded them that they should look closely at any power utility's assets and how solidly it is covering its dividends.

Chernobyl, of course, means trouble for owners of the 27 reactors in various stages of completion in this country. "We're worried about getting new plants licensed by the Nuclear Regulatory Commission," says Mark Luftig of Salomon Brothers. If licenses are delayed, there will be more months in which the utility has to cover the cost of financing the plant out of its own pocket. Utilities have also been finding it harder to earn an adequate return once a nuclear plant is turned on. "Rate commissions are finding excuses," says Luftig. He cites Duquesne Light, which recently cut its dividend from $2.06 to $1.20 in anticipation of not getting reasonable rate treatment for two plants in Ohio and Pennsylvania.

The table below lists 15 electric utilities with significant financial risk from unfinished or unlicensed nuclear plants. The column "Nuclear

Nuclear load

These utilities have a large percentage of their capital tied up in unfinished or unlicensed nuclear plants. The ones in states with low "regulatory rankings" are in particular danger of never fully recovering the costs.

Company	Nuclear exposure[1]	Nuclear rate impact[2]	Regulatory climate[3]	Interest coverage[4]	Cash flow/ dividend 1985	Price recent	Price 52-week high–low	Dividend	Yield
El Paso Electric	294%	81%	C+	2.0	1.6	16¼	18½–12⅜	$1.52	9.4%
Philadelphia Electric	245	28	D+	1.9	0.6	17¾	20⅛–13⅞	2.20	12.4
United Illuminating	235	30	B	2.2	2.8	31⅜	35⅛–15	2.32	7.4
Pub Svc New Hampshire	204	71	C	0.9	NA	9½	11⅜– 3⅛	0.00	—
Long Island Lighting	203	47	B	1.6	NA	11⅞	14⅜– 5⅛	0.00	—
Illinois Power	202	40	B–	2.2	1.4	25⅝	29⅛–21⅛	2.64	10.3
Centerior Energy[5]	190	41	C	NA	NA	24½	25⅜–23¾	2.56	10.4
Ohio Edison	176	34	C	1.4	1.2	18½	20¾–14	1.92	10.4
Northeast Utilities	164	23	B–	2.4	2.0	20⅝	22⅞–14½	1.68	8.1
Gulf States Utilities	163	27	D	1.4	1.1	10	16⅛– 9⅞	1.64	16.4
AZP Group	161	40	C–	2.3	1.7	28⅜	32 –22½	2.72	9.5
Eastern Utilities	158	25	C	1.9	2.2	31⅜	37 –18⅜	2.18	6.9
Central Hudson Gas & Elec	153	20	C+	2.5	2.0	33	35⅛–24	2.96	9.0
Carolina Power & Light	149	27	C	2.9	2.9	33¼	35⅞–25⅛	2.68	8.1
Duquesne Light	130	25	D+	2.0	1.3	13¾	19⅛–13	1.20	8.6

NA: Not available. [1]Investment in nuclear plants not currently on line, as a percentage of common stock equity. [2]Estimated rate increase needed to recover construction costs when pending plants become operable. [3]Salomon Brothers' grading of state utility commission willingness to grant rate increases. [4]Earnings (excluding AFDC) before interest and taxes, divided by interest charges. [5]Formed Apr. 29 as merger of Cleveland Electric and Toledo Edison. *Source: Salomon Brothers*

Self-sufficient

These utilities ranked high in ability to cover construction costs with cash flow. Just as important, however, is "Interest coverage." This measures how comfortably a company is servicing its debt.

Company	1986E + 1987E const expend (mil)	1986E + 1987E internal cash (mil)	1986E + 1987E cash/ const	1986E + 1987E Interest coverage	Cash flow/ dividend 1985	Price recent	Price 52-week high–low	Dividend	Yield	AFDC[1]/ earnings
Public Svc Indiana	$164	$ 683	4.2	NM	4.9	11⅛	12⅛– 6⅞	$0.00	—	0.8%
Kansas City Gas & Elec	98	250	2.6	1.3	0.8	17½	19⅛– 9⅝	1.18	6.7%	130.7
Eastern Utilities	50	113	2.3	1.9	2.2	31⅜	37 –18⅜	2.18	6.9	NA
Portland General	160	350	2.2	3.6	2.9	25⅛	28½–17⅞	1.90	7.4	25.6
Cilcorp	81	160	2.0	4.4	3.4	32	32⅞–22½	2.28	7.1	1.0
Kentucky Utilities	84	165	2.0	4.2	2.7	37¼	38 –26	2.52	6.8	0.5
Iowa Resources	86	146	1.7	3.3	2.5	40¼	42 –31	3.20	7.9	NA
PacifiCorp	641	1,080	1.7	2.4	3.7	33⅜	35⅛–27	2.40	7.2	19.8
Idaho Power	97	152	1.6	3.2	2.0	25	27¾–20	1.72	6.9	19.1
Midwest Energy	71	110	1.6	3.2	2.8	40⅞	43⅛–26¼	2.96	7.2	1.8

E: estimated. NA: Not available. [1]Allowance for funds used during construction *(see text)*

Sources: Salomon Brothers, Dean Witter

exposure" shows the total investment in unfinished nuclear plants expressed as a percentage of shareholder equity. To take a worst-case regulatory catastrophe, if Long Island Lighting simply had to write off its Shoreham plant and a nuclear plant that isn't ready yet, it would have a pretax loss equal to 203% of shareholder equity. Lilco hasn't paid a common dividend in two years and is $127 million in arrears on its preferred dividends.

Risk-tolerant investors may be interested in Northeast Utilities. The firm recently completed construction on the Millstone 3 plant in Connecticut, and it hopes to start getting electricity from its 4.1% interest in the Seabrook 1 plant in New Hampshire later this year. Construction outlays are winding down, making dividend raises more affordable.

The last two tables examine a utility's ability to pay for its construction. The column "Cash/construction" shows how estimated construction costs could be paid with internal cash rather than debt or new equity. Tucson Electric Power, which doesn't even have any nuclear plants to worry about, falls far short of covering current construction outlays with its earnings and depreciation. It won't be short of cash, however, since it has already financed its $950 million construction budget.

Nancy Fertig of Dean Witter suggests looking skeptically at the percentage of earnings made up of allowance for funds used during construction. This is a noncash credit—phantom earnings, really—which pretends that the company is earning a return on plants still abuilding. A project on which $2 billion was spent over the last decade, for example, might be carried on the books at $2.5 billion, including $500 million in capitalized phantom earnings. If all goes well, the company will get real revenues in later years that give it credit for having built a $2.5 billion plant. But all may not go well, and the $500 million of past "earnings" may prove to be very hypothetical indeed. So, generally speaking, the smaller the contribution of phantom earnings, the higher the quality of earnings and the stronger the possibility of a continuance of dividends. ■

Dividends that may have to yield

These utilities aren't able to cover construction expenditures with cash flow. A high ratio of AFDC (allowance for funds used during construction) to earnings can also spell trouble, since AFDC is a noncash credit.

Company	1986E + 1987E const expend (mil)	1986E + 1987E internal cash (mil)	1986E + 1987E cash/ const	1986E + 1987E Interest coverage	Cash flow/ dividend 1985	Price recent	Price 52-week high–low	Dividend	Yield	AFDC[1]/ earnings
Gulf States Util	$477	$100	0.2	1.4	1.1	10	16½– 9⅞	$1.64	16.4%	104.0%
Ohio Edison	820	206	0.3	1.4	1.2	18½	20⅝–14	1.92	10.4	90.5
Pub Svc New Mex	297	92	0.3	2.3	1.3	32¼	37⅛–25	2.92	8.9	66.0
Orange & Rock Util	169	54	0.3	4.7	3.4	30⅞	32 –24⅛	2.14	6.9	5.0
Tucson Elec Power	371	124	0.3	3.3	2.3	53¼	54¼–36⅞	3.30†	6.2	59.7
Detroit Edison	520	175	0.3	1.7	1.8	16¾	19⅛–14	1.68	10.0	73.7
Philadelphia Elec	1,292	455	0.4	1.9	0.6	17⅞	20⅛–13⅞	2.20	12.4	99.7
United Illuminating	127	50	0.4	2.2	2.8	31⅜	35⅛–15	2.32	7.4	NA
AZP Group	633	260	0.4	2.3	1.7	28⅛	32 –22½	2.72	9.5	20.1
Commonwealth Edison	2,985	1,250	0.4	2.0	1.9	31¼	35⅛–27	3.00	9.6	70.8

E: estimated NA: Not available. [1]Allowance for funds used during construction *(see text)* † Stock distribution of Alamito.

Sources: Salomon Brothers, Dean Witter

JUNE 16 1986

C3950-1

JUNE 16, 1986 THREE DOLLARS FIFTY CENTS

Forbes

This is the Honda plant in Marysville, Ohio. 2,423 workers produce 875 cars per day.

This is the AMC Jeep plant in Toledo, Ohio. 5,400 workers produce 750 cars per day.

CAR-RT SORT ** C802
T2910378 SZ ZZ 0004
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

e 101

Forbes

JUNE 16, 1986
VOLUME 137
NUMBER 13

101 *The Honda plant* (left) *in Marysville and the AMC Jeep plant in Toledo*

The editorial index of companies referred to in this issue is on pages 198 and 199.

COVER STORY

101 A Tale Of Two Worlds
Productivity is more than a number; it is people and attitudes. Compare the Honda and Jeep factories.

COMPANIES

34 Intel Corp.
Beyond the 80386 miracle chip.

36 DWG Corp.
Why should other sharks take over Victor Posner's company, when they can keep feeding on it?

54 The Up & Comers: Power Brokers
Sudden wealth at Catalyst Energy Development Corp. Also: Warren Wheeler's dream of running an airline.

62 Carter Organization
Proxy fighter Don Carter is now playing the takeover game himself. He's winning, but he could still lose.

82 MCorp
This Texas bank is stronger than it looks.

90 Pacificorp
People buying utilities for their diversification prospects should look carefully at Don Frisbee. He's been there.

92 Chase Manhattan Corp.
Chase is going places with its converted thrifts.

96 Nuclear Support Services, Inc.
"Sophisticated Kelly Girls" is the way this thriving company sees itself.

110 CalFed
In four years George Rutland has reformed this fixed-rate addict. Yet many other S&Ls are still hooked.

118 La Quinta Motor Inns
Profits at La Quinta have collapsed with the Texas economy. But Sam Barshop is building assets.

INDUSTRIES

40 Down On The Farm—Unwillingly
Insurers have more land than they bargained for.

50 "Dear Pharmacist"
Should you believe what they're saying about generics?

86 Bang, Mom, You're Dead
Toymakers scramble from Cabbage Patch to Rambo.

INTERNATIONAL

30 The Quiet Invasion
Auto and electronics conquests behind them, the Japanese are pushing into U.S. banking. Look out.

32 Mitsubishi Estate Co.
How would you like to buy $100 worth of prime Tokyo real estate for $25?

114 "We Want To Be Like Audi And BMW"
Fuji Heavy Industries is behind one hot U.S. stock.

INVESTING

33 Young Man Makes Good
Michael Price signed up with Mutual Shares fresh out of college in 1974. Now look at him.

DEPARTMENTS

4 Side Lines
6 Trends
12 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
195 Flashbacks
196 Thoughts

COLUMNISTS

179 Ben Weberman
180 Susan Lee
182 Ann C. Brown
184 David Dreman
186 Srully Blotnick
188 Stanley W. Angrist

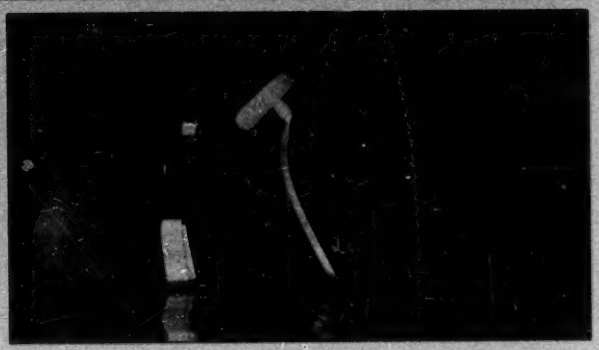
MONEY & INVESTMENTS

25 What's Ahead For Business
26 The Forbes Index
171 The Forbes/Wilshire 5000 Review

Cover photos by Erich Hartmann/Magnum

72 *Software accounting*

90 *Don Frishee*



152 *Aquaphobes, despair not*

46 Huntington Beach Co.
Chevron is offering $650 a share. Chintzy?

131 Uncertain Umpires
A peek into the booming business of rating debt issues.

174 The Funds: 12b-1 Loads
You could call these perpetual loads. How do directors look at themselves in the mirror in the morning?

176 Statistical Spotlight: Rip Van Winkle Stocks
In the last year, when the average stock gained 26%, some issues were asleep. Could they be bargains?

190 Streetwalker
Henley; Sumitomo Realty & Development; Amerada Hess; Cooper Industries; Norfolk Southern.

ON THE DOCKET

66 "A Pattern Of Fornication"
Do you know whom your employees are sleeping with tonight? A federal court wants to make it your business.

67 Sweet Temptations
What can happen if lawyers get too cozy with their clients? Miami's once high-flying Arky, Freed may find out.

TAXING MATTERS

74 America, Disincorporated?
If serious tax reform actually passes, it may make a lot less sense to be a corporation.

78 Allowance For Destruction Of Funds
Insult and injury: The Packwood tax bill would have the Treasury collect taxes on noncash income.

NUMBERS GAME

70 The High Cost Of Abandonment
Used to be that public utilities could keep unproductive assets on their books for years. No longer.

72 When Does Life Begin?
Accountants are studying the incubation of software.

MARKETING

136 Grill Wars
When backyard cooking became trendy, premium sauce prices got spicy. Also: Detroit goes regional; piece goods peacenik; selling surgery for impotence.

SCIENCE & TECHNOLOGY

146 Play LOOT-O!
Where's the buried treasure? In the tax shelter investor's wallet? Also: Get ready for spray-on weight loss aids.

PERSONAL AFFAIRS

152 Fear Of Floating
It's never too late for aquaphobes to get into the swim of things. Now there are new ways to help the water-shy.

155 While You Wait
The good news is better airport security. The bad news is more time on the ground.

CAREERS

156 Can You Handle Chaos?
Big company, small company? Which is the better place to work? Depends on who you are and what you are.

FACES BEHIND THE FIGURES

160 Sanford Sigoloff, *Wickes Cos.*
160 Arthur Levitt Jr., *American Stock Exchange*
163 Martha Layne Collins, *Governor of Kentucky*
163 Philip Hawley, *Carter Hawley Hale*
166 Mary Rich, *National Computer Conference*
166 Lawrence O. McKinney, *Cannabis Corp.*

June 16, 1986 Volume 137 Number 13 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Edited by Howard Banks

THE TRADE IMBALANCE: WORSE NEWS AHEAD

Japan's surplus, already massive, is still growing

BOOSTED BY LOWER OIL COSTS, JAPAN'S WORLD TRADE surplus could hit an amazing $80 billion this year, from $46 billion in 1985.

Prime Minister Nakasone, facing national elections and fighting for his political life, will be of limited help to the U.S. beyond urging the Japanese people to buy imports. Reflating to spur consumption is resisted by Nakasone's Liberal Democrat Party. Meanwhile, even as they moan about the strengthening yen, Japanese businessmen invest to become even more efficient exporters.

Europe is being hit two ways by fewer export orders: from the U.S., as the dollar weakens, and from OPEC countries with less to spend. The urge rises to subsidize and protect.

Inevitably, U.S. protectionism is rising, too. President Reagan says he will veto the House trade bill (if the Senate passes it), which would sharply limit exports. But he can't hang tough totally. Note that he has agreed to limit machine-tool and chip imports.

Should the dollar decline further? And will it do so?

HERE ARE TWO VIEWS ON POSSIBLE OUTCOMES of these trade tensions.

Some Commerce Department economists believe that the dollar will have to decline further than the 30% drop since early 1985.

They argue that most U.S. trade is with countries like Canada and Mexico, whose currencies move with the dollar, and with less-developed countries. The LDCs must export or they will default on their debt, thereby threatening U.S. banks. Therefore, Commerce economists argue, Japan and Europe will bear greater strain.

In contrast is the view of Roger Brinner of DRI, the Lexington, Mass.-based economic consulting firm. He expects a "soft landing" from the dollar's decline. He predicts that, in real terms, there will be a sizable upward swing in U.S. exports and a slowing down of nonoil imports beginning this year. This should offset less rapid growth in domestic spending, squeezed by Gramm-Rudman-Hollings.

Brinner expects a good 1987. Rising exports should ease concerns about losing jobs abroad, and lead to stable manufacturing output and capacity use and also stable inflation. Rising import prices will be offset by a lower oil bill.

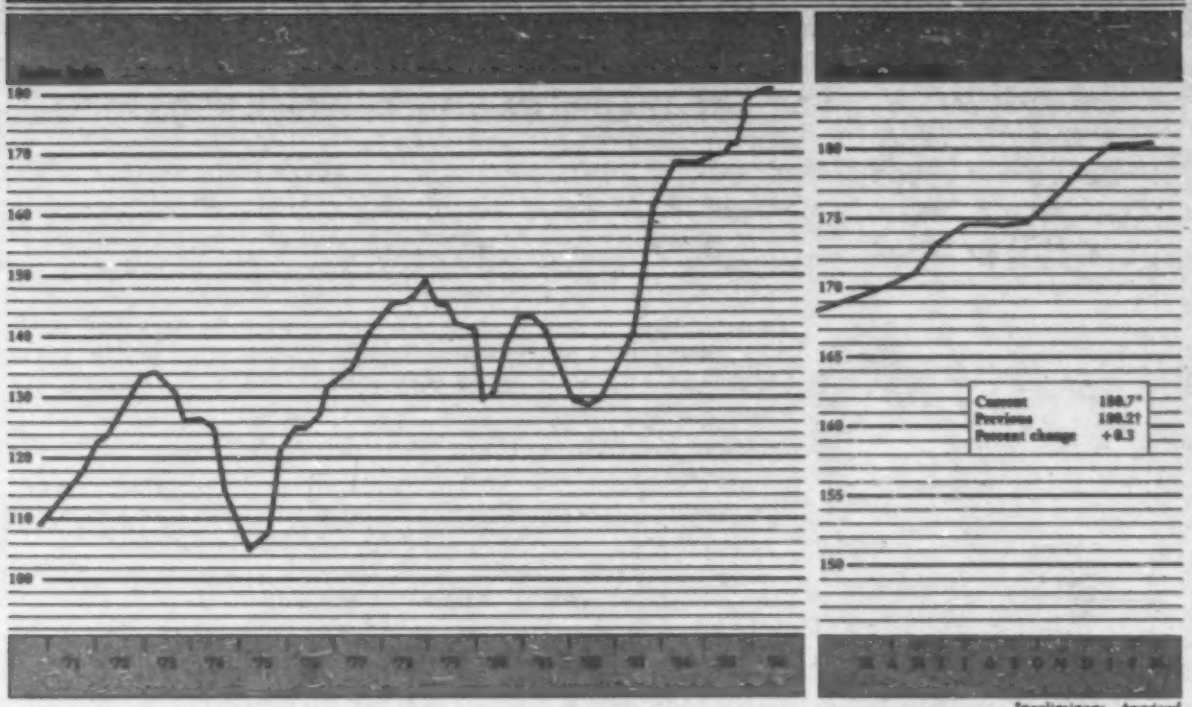
More than enough pain to go around

WHICHEVER VIEW HOLDS, SOLVING THE U.S.' DILEMMA over the trade deficit also requires self-help—cutting the budget deficit leading to lower interest rates and a lower dollar.

But it will also mean severe disruption for Japan and, to a lesser extent, for West Germany and the rest of Europe. That is the price for keeping the world's economy moving—a burden that has rested solely on the U.S.' shoulders since 1981-82.

The U.S. will pay a price, too. Imports' share of the U.S. economy will continue to rise, if at a slower pace. This implies, among other things, heavy pressure to hold down increases in real wages here.

The Forbes Index



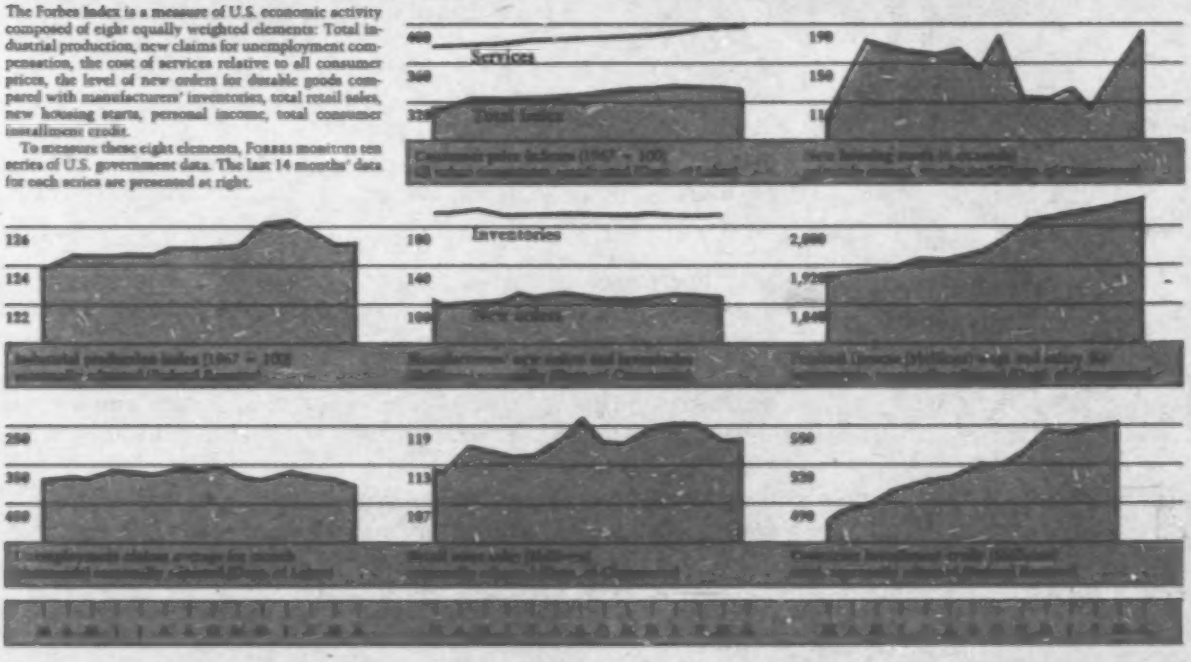
Hammers and nails. The Forbes Index, ending a one-month siesta, climbed 0.3% during the latest reporting period. Main reasons: a 26% month-to-month jump in new housing starts and a 4.5% decline in unemployment claims. Lower interest rates and rising personal income helped boost housing starts 6.7% higher than they were during the same time last year. Personal income scored a 0.2% increase over the previous month, while retail sales rose 0.5%.

Lower energy prices were the main force behind the third consecutive monthly drop in the overall Consumer Price Index. The CPI fell 0.2%, but the services component of the CPI went up by 0.5%, the largest month-to-month increase since January.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



What happens when monopoly suppliers suddenly are faced with competitors delivering the same products at lower prices?

Dear pharmacist

By Allan Dodds Frank

"DEAR PHARMACIST:" began the telegram from Sandoz Pharmaceuticals to druggists across Illinois, "To limit your liability . . . dispense only Mellaril. . . . The Sandoz Pharmaceuticals pharmacist's product liability protection policy will not defend or indemnify a pharmacist . . . when the case involves substitution of the product of another manufacturer."

Get the point? If you substitute a generic drug for one of ours, it's not our problem if you get sued. The telegram was an early salvo in a three-year drive by Sandoz and other patented brand name (ethical) drugmakers to spread mistrust of cheaper equivalents manufactured by competitors.

The angst of ethical manufacturers derives from a 1984 federal law greatly streamlining approvals for generic drugs. These are drugs copied after 17-year patents held by various brand name manufacturers have expired.

The speed-up means that by 1990 generic suppliers are expected to duplicate nearly all the top 100 patented prescription drugs. No longer do manufacturers enjoy the fat, postpatent profits possible when regulatory barriers meant costly waits of five years or more to get approval for marketing a generic. Now, FDA approval is fast and cheap. That means a huge, $6 billion slice of the $20 billion pharmaceuticals market is coming up for grabs.

Nearly $4 billion in sales has already been exposed to generic competition this year as patents have expired on nine of the top ten brand name drugs, and ethical drugmakers are feeling pinched. In 1984 American Home Products sold $500 million worth of three big drugs—Inderal, Ativan and Serax—that are now off patent. The firm faces what analysts think could be as much as a 25% market share decline in 1986 in those products. Stakes are even bigger for Merck and Eli Lilly. Each will lose patent protection by 1990 for ten or more patented products totaling more than $800 million annual sales.

Thus, to preserve margins in the face of eroding sales, brand name manufacturers this year have boosted prices by 10% to 20% or more on most drugs still patented. Some ethical manufacturers are even making generics themselves. One, American Home, this spring bought majority control of Quantum Pharmics, a New York manufacturer that produces a major generic competitor to American Home's tranquilizer, Ativan, which last year had estimated domestic sales of nearly $125 million.

Up for grabs

Expiring patents on moneymaking drugs mean major pharmaceutical companies face generic competition.

Company	Products losing patent by 1989	Estimated 1984 sales ($mil)	% of total sales
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

Source: Morgan Olmstead Kennedy & Gardner

Meanwhile, the ethical manufacturers are not unhappy when questions get raised about the efficacy of generic drugs. One of the most aggressive, American Home Products, is funding the Philadelphia College of Pharmacy & Science to question the efficacy of generics, and has also hired doctors to tour the country promoting brand name use. The company also runs advertisements in medical publications raising doubts about generic substitutes for Inderal, the firm's bestselling hypertension medicine. With nearly a dozen cheaper generic competitors on the market, another manufacturer, Hoffmann-LaRoche Inc., now carves a distinctive "V" in its Valium tranquilizer tablets to encourage consumers to ask for the brand name.

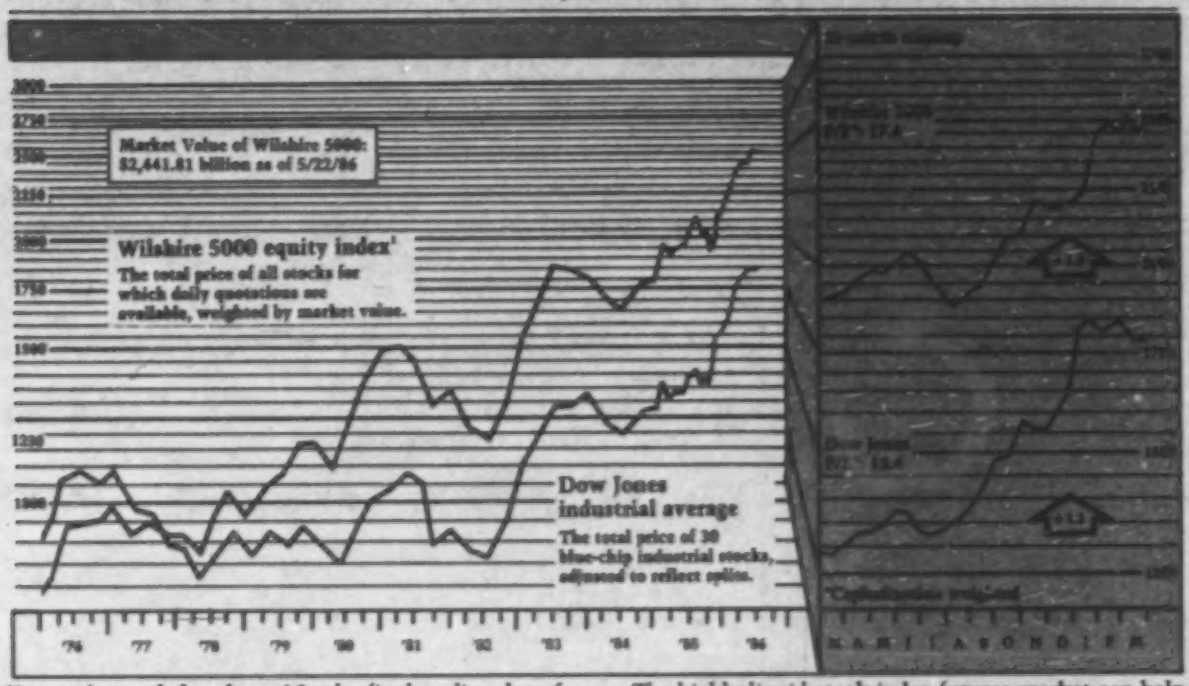
But are brand name drugs truly better? The answer, it seems: not much, if at all. Problems with patients using generics seem to be statistically insignificant. Says Dr. Peter Rheinstein, director of the FDA's office of drug standards: "There are a number of people trying to make you believe that somehow the active ingredient that comes from the brand name drug has a different or better effect. That has not been borne out in any tests we've seen."

Now the generic manufacturers are fighting back. Three months ago a Pittsburgh generics manufacturer, Mylan Laboratories Inc., won nearly $1 million from Sandoz in an out-of-court settlement, after threatening to sue the firm for smear tactics in its antigeneric campaign. The settlement followed a censure of Sandoz several months earlier by the U.S. Food & Drug Administration, which charged the company with "flagrant, repeated and willful" violations of U.S. drug marketing regulations. The FDA forced Sandoz to send 49,112 pharmacists retractions of statements made by the firm that disparaged generics.

Overall, the antigeneric campaign seems to have backfired. By attacking the products, the ethical drug companies have focused attention not just on generics but on price increases instituted by brand name manufacturers to keep profits up in the face of new competition. By bad-mouthing their new competitors instead of competing with them head-on, brand name manufacturers are simply teaching an entire class of consumers to be mistrustful of their claims. ■

The Forbes Wilshire 5000 Review

Edited by Steve Kichen



Very quiet, and then boom! In the final trading day of a somewhat dull two-week period, the Dow rose some 31 points. To be sure, a 31-point jump on the Dow isn't what it used to be. Each Dow stock has to go up only a point to raise the average approximately 30 points. That's because the divisor on the Dow average is very close to 1.0. That 31-point increase pushed the Dow up 1.8%. A 1.8% move in one day means the market is jumpier than usual, but not a lot jumpier. A typical one-day move is about 1.25%.

The highly liquid stock-index-futures market can help move the market quickly. When speculators or pension funds turn bullish and buy futures, their bullishness is quickly transmitted to the stock market by arbitragers.

In any event, the one-day rally enabled the market to end the recent two-week period with modest gains. The Dow, the NYSE and the Wilshire all finished around 1% higher. The Amex rose 1.4%, while over-the-counter issues were up by 0.6%.

Closeup On The Equity Markets

Performance of six leading indexes

Indexes change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-0.6	-2.9	-1.4	-0.9	1.3	-0.3
in last 52 weeks	16.3	17.9	19.3	17.4	28.4	23.4

Stock performance based on six key investor yardsticks

Percent change in last 4 weeks	Company size	Volatility[2]	P/E leadership	Dividend yield	Growth profile[3]	Share price
	Large	Small	High	Low	Value	Growth	Low	High	Over $40	Under $5
in last 4 weeks	-0.6	3.7	2.1	0.5	0.2	0.2	-0.2	-0.1	3.0	-0.3	0.7	3.0
in last 52 weeks	16.9	14.2	17.2	21.3	20.2	20.4	23.0	15.6	17.9	17.8	15.1	19.7

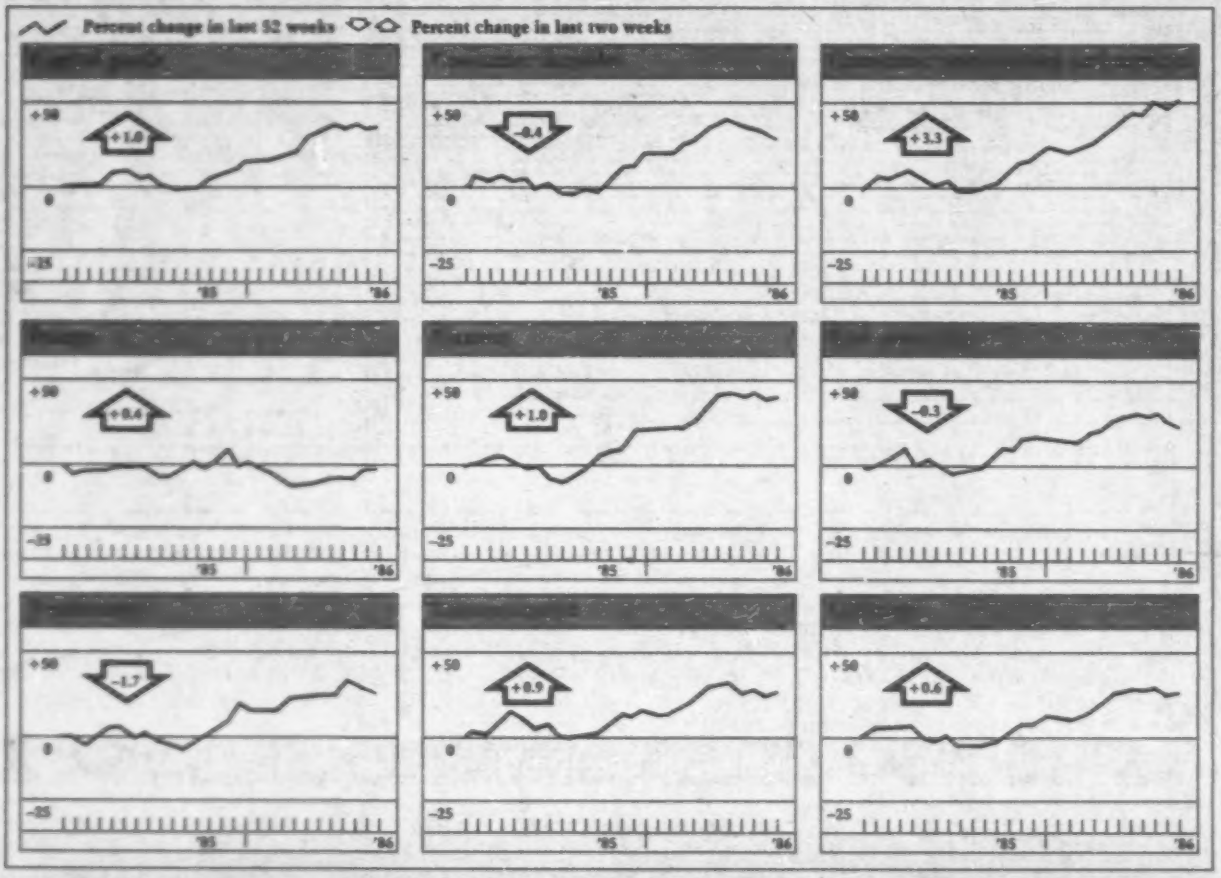
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/22/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

To be in pictures. With a 3.3% gain in two weeks, consumer nondurables continue to outpace the other Wilshire sectors. Leading this group was Lorimar Telepictures, with almost a 24% gain. This Culver City, Calif.-based firm recently announced a plan to buy six TV stations from SCI Holdings (formerly Storer Broadcasting) and one from Wometco Broadcasting and then to set up a separate public company to own the stations. Two other strong consumer nondurable stocks were Charming Shoppes and Petrie Stores. Each gained more than 20%.

The technology sector posted the biggest loss, a decline of 1.7%. But within this group Loral, the defense electronics contractor, and Apple Computer both scored double-digit increases.



What The Analysts Think

A study in contrasts. While utilities sell at only 9.4 times estimated 1986 earnings, raw materials have an estimated multiple of 15.5, the second-highest P/E among the sectors. Wall Street hiked 1986 earnings estimates of utilities 3.8% over the past four weeks. Meanwhile, estimates for the raw materials sector were cut 3%.

Performance period	Average earnings per share	P/E
latest 12 months	$2.93	16.2
1986 estimates	3.78	12.5
1987 estimates	4.38	10.9

1	Utilities	$3.25	9.4	1.69%	3.80%
2	Consumer nondurables	2.36	16.6	0.48	0.49
3	Finance	3.73	10.6	-0.13	-0.24
4	Technology	2.64	14.8	-0.31	-1.17
5	Capital goods	2.70	14.8	-0.35	-0.57
6	Consumer durables	4.20	9.7	-0.51	-0.81
7	Raw materials	2.05	15.5	-2.03	-3.00
8	Transportation	2.23	13.4	-3.91	-6.20
9	Energy	2.24	12.7	-7.93	-11.14

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

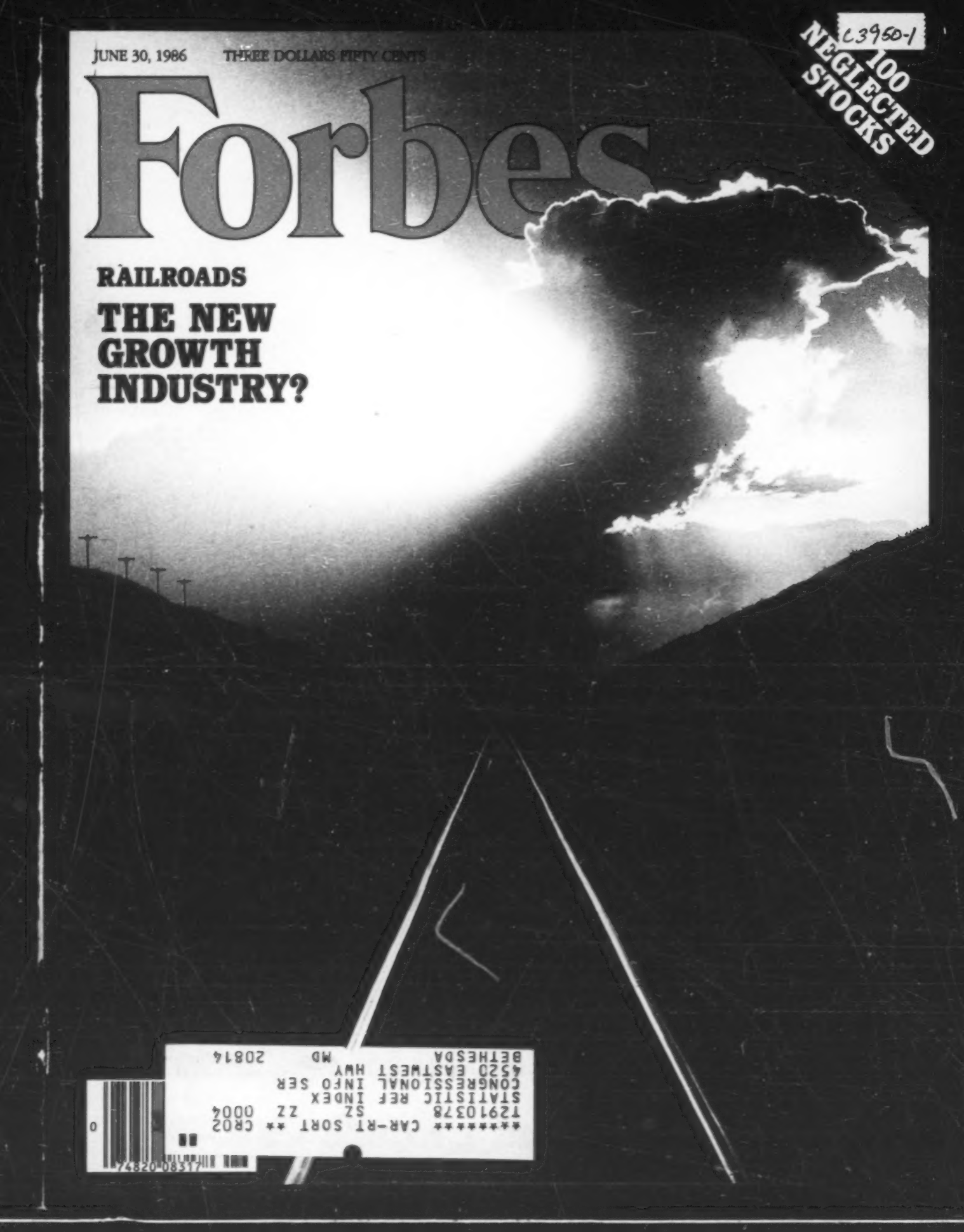
Note: All data for periods ending 5/22/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

C3950-1

JUNE 30, 1986 THREE DOLLARS FIFTY CENTS

Forbes

100 NEGLECTED STOCKS



RAILROADS

THE NEW GROWTH INDUSTRY?

********** CAR-RT SORT ** CR02
T2910378 SZ ZZ 0004
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

0 74820 08317

Forbes

JUNE 30, 1986
VOLUME 137
NUMBER 14

The editorial index of companies referred to in this issue is on pages 188 and 187.

COVER STORY

66 Here Come The Truckbusters
Once thought to be dying, railroads have returned to favor.

COMPANIES

30 Postindustrial Society, Talking Bear Division
Worlds of Wonder's route to making money.

33 Pills And Profits
Eleven years ago Walgreens was just another drug chain. Good management has made it hot.

35 The Education Of James Treybig
Tandem Computers tried to do too much by itself.

40 Crescent Court Hotel
Caroline Hunt Schoellkopf built a Dallas landmark—a business bomb.

50 Wait And See
Did Falconbridge overpay or underpay when it bought the huge Kidd Creek mine?

56 Back To Basics
American Standard didn't go into oil services. That was one of the few diversification disasters it avoided.

58 A Ticking Time Bomb
United Artists Communications works at being invisible. But its assets have driven its stock to record highs.

67 The Up & Comers: Walk, Do Not Run
Sometimes it pays to put the cart before the horse. It certainly has paid for Bruce Katz' Rockport Co.

70 One's Trash Is Another's Treasure
How two accountants made a fortune on assets that the wizards at Kohlberg Kravis couldn't wait to unload.

71 The Blackboard Video
If Johnny won't read, why not teach him through pictures?

92 Growing Pains
Why David R. Newstadt took on the hornets' nest of Sun-Diamond Growers of California.

INDUSTRIES

34 Smugglers In Three-Piece Suits
"It's rum-running all over again," says a practitioner of the booming trade in smuggled Japanese semiconductors.

78 Hands Across The Oil Patch
The oil import fee is not dead. Texas oil producers will make the tough sell in Washington this summer.

INTERNATIONAL

31 With Friends Like These
Just when the takeover business seemed to be ebbing in the U.S., along comes a Japanese firm with a hostile bid.

46 A $640 Hammer Is A Bargain
You've heard a lot about the lean, mean Israeli defense establishment. Well, forget it. In Tel Aviv. . . .

DEPARTMENTS

6 Side Lines
8 Trends
10 Follow-Through
12 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
159 Flashbacks
160 Thoughts

COLUMNISTS

145 Ben Weberman
146 Susan Lee
149 Ann C. Brown
150 Kenneth L. Fisher
152 Srully Blotnick
153 Stanley W. Angrist

MONEY & INVESTMENTS

25 What's Ahead For Business
26 The Forbes Index
135 The Forbes/Wilshire 5000 Review

Cover photo by David Hiser/Image Bank

56 *William Boyd*

58 *Up 650%, and still undervalued*

67 *$105 million in shoes*

INVESTING

32 Rationality Is In The Eye Of The Beholder
A lot of Wall Streeters took a bath last month because they guessed Japanese intentions incorrectly.

83 Fund Madness
You want to start your own mutual fund? So does everyone else, which says something about the market.

138 Statistical Spotlight: Consensus Of One
People who watch Atlantic Richfield have a lot of company—41 security analysts. The stocks rounded up here, in contrast, are each tracked by only one analyst.

154 Streetwalker
Clark Equipment Co.; United Artists; France Fund; Elder-Beerman Stores Corp.; taxed retailers.

ON THE DOCKET

104 Lender Beware
What to do if bankruptcy looms? Blame your banker.

TAXING MATTERS

106 And Lead Us Not Into Refinancing
On the surface, that IRS decision on deducting mortgage refinancing points is no big deal. But look again.

107 The Taxman As Bounty Hunter
Under the Senate's tax proposal, the IRS would get a piece of the action in the interest and penalties it collects.

NUMBERS GAME

110 Now You See It, Now You Don't
For 14 years Coopers & Lybrand did a nice business auditing USF&G Corp. Suddenly, the accountants resigned.

MARKETING

112 Draft, Or Daft?
Miller is floundering with its newest label competing against its own flagship brand. Also: Arabian horses; the new stars of global marketing.

SCIENCE & TECHNOLOGY

116 Some Like It Comfortable
Conserving energy may save on the electric bill, but bad air is making more and more office workers sick. Also, sports supergear; Canon's new video camera.

PERSONAL AFFAIRS

122 Barrels Of Fun
There's a double-barreled reason for collecting fine shotguns today. Not only do antique pieces enrich a day's shoot, but they're growing in value.

CAREERS

126 An Officer, Not A Businessman
The military academies are back in vogue. What other colleges offer paychecks instead of tuition bills?

FACES BEHIND THE FIGURES

130 James Renier, *Honeywell*
130 Sandra Kurtzig, *ASK Computer Systems*
131 Victor Harris, *Max Factor Japan*
131 Robert Pittman, *MTV*
132 Thomas Hannon, *Bitestze International*

June 30, 1986 Volume 137 Number 14 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the [New York Times Infobank [through Nexis], Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Edited by Howard Banks

BETTING ON AMERICA'S FUTURE

Corporate R&D spending is staying high

CORPORATE SPENDING ON AMERICA'S FUTURE, on research and development, is expected this year to be close to 10% over 1985's.

That follows an 11% increase, in current dollars, in both 1985 and 1984, according to National Science Foundation figures.

The performance is good in real (inflation-adjusted) terms, too. But, warns Jules Dugas of Battelle's Columbus Division, R&D suffers a higher inflation rate than ordinary consumer prices. "We've solved all the easy problems," he explains. "Everything now requires more and more equipment and money."

By Dugas' reckoning, real growth in corporate R&D spending is running at around 4.5% to 5% a year. The total, some $58 billion in 1986, will be at an alltime high. (Universities and research institutes will also raise $4 billion on their own account annually.)

Federal research funding is up, too—a consequence of increased defense spending—but the feds are putting up only $54.5 billion, or 47%, of the $116.5 billion expected to be spent this year on R&D. In the 1960s federal R&D spending averaged 64% of the total.

Tax incentives have little to do with it

SIMPLISTIC THOUGH IT SEEMS, part of the rise in corporate R&D spending must be attributed to a desire to restore U.S. competitiveness.

Don't, however, overestimate the importance of the 25% tax credit for R&D spending introduced in 1981. Private R&D spending took off two years before that. Moreover, the credit lapsed at the end of last year, but spending has yet to waver.

Sentiment in both the House and Senate is now running in favor of restoring the R&D tax credit. The best that can be said for it is that it might give a shove to companies now on the fence. Corporate R&D spending did not decline as sharply as history would have predicted during the 1981-82 recession, and maybe the tax credit that became available that year was an encouragement.

Is the famine over for good?

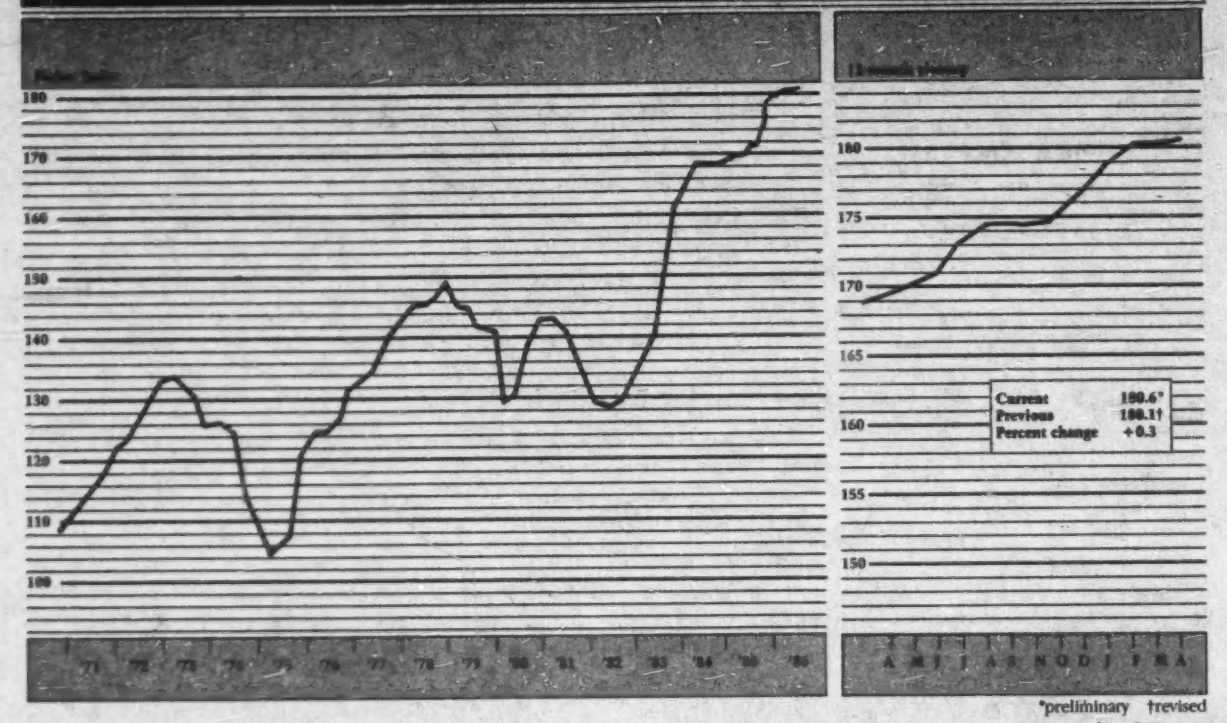
THERE ARE WORRIES AHEAD. After a lag, R&D spending relates to corporate profits and cash flow. Both are currently less than robust.

And government funds are being squeezed. Gramm-Rudman will cut some $2 billion, or 5%, from defense R&D (perhaps more, since soldiers won't be sacked) and maybe $1 billion, or nearly 10%, from funds for universities and research institutes. (Corporations, which put up less than $1 billion for "campus" R&D, can't fill the gap.)

Three areas will absorb much of the federal money. So-called Star Wars and Stealth, both dear to President Reagan's heart, are two. The third is NASA. A replacement Shuttle and rebuilding of existing ones will cost maybe $4 billion over the next two to three years.

There was a near decade-long famine in R&D spending in the early 1970s. It wasn't until 1977 that real R&D spending got back to the 1969 level. Perhaps America is paying for that famine now in, among other things, its astonishing appetite for imported goods. If the famine is really over, that's welcome news indeed.

The Forbes Index



*preliminary †revised

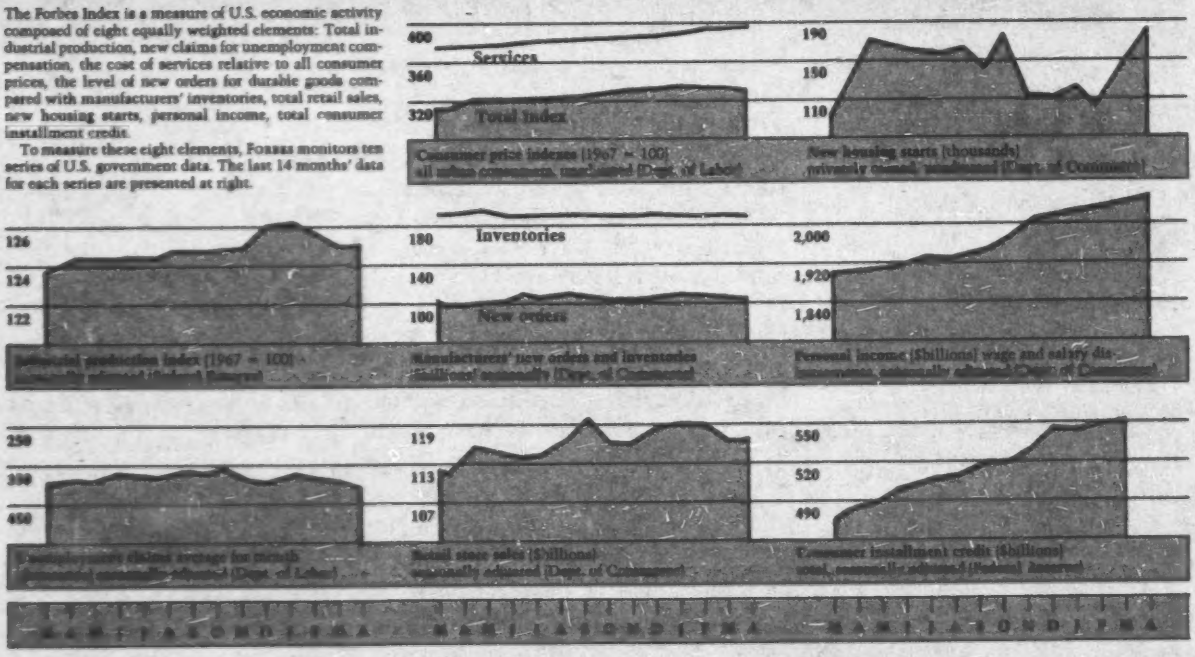
Doldrum economy. Orders for durable goods declined by 0.2% from the previous month; manufacturers' inventories slid 0.3%. The resulting slight decrease in the ratio of inventories to new orders counts as a plus in the Forbes Index, which closed out April 0.3% higher than March.

With prices falling in the last two months, the sluggishness in the economy—particularly in manufacturing—could tempt the Federal Reserve to ease credit. (During the last three months the money supply has been growing at a 12% rate.) That could rekindle inflation. So could a declining dollar if U.S. companies competing with imports raise their prices. So could a mere plateauing in food and energy prices if the other components in the price index continue their recent 4% inflation rate.

The Forbes Index Components

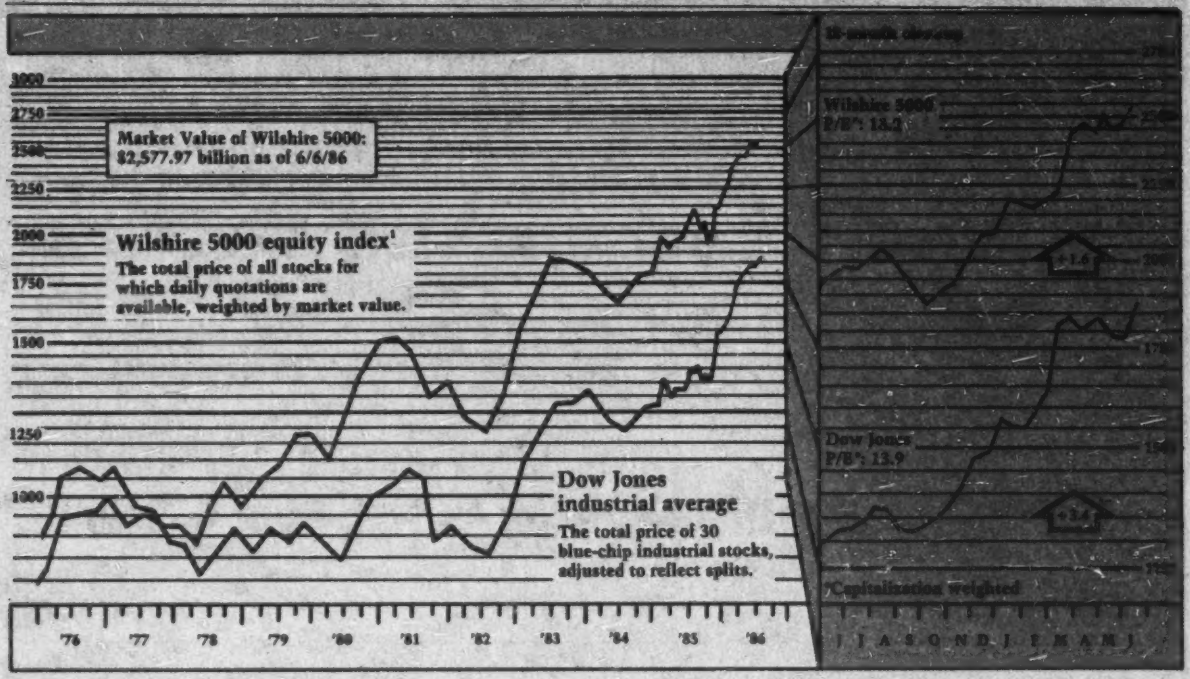
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Live for tomorrow. That's what the market seems to be saying, in pricing The Forbes Sales 500, for example, at a lavish 16.6 times latest 12-month earnings. If earnings estimates are on target, the 500 stocks cost only 11.1 times what they will earn in 1987.

The betting on the come is even heavier for the Wilshire index of nearly 5,800 stocks, which are mostly small companies. The combined value of the stocks in the index rose nearly $73 billion, or 3%, in the last four weeks, in spite of a decline in collective earnings over the past month. (A lot of companies recently reported disappointing first-quarter results, and those displaced first-quarter 1985 numbers in the tally of latest 12-month earnings.) As a result, the price/earnings multiple on the Wilshire index, figured on trailing earnings, went from 17.2 to 18.2—an alltime high since the index first tracked P/Es in 1982.

If investors sense that rosy earnings projections are not going to be met, multiples could come crashing down.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.0	2.9	5.4	2.8	2.8	2.9
in last 52 weeks	29.6	27.7	43.3	28.2	23.0	37.5

Stock performance based on six key investor variations

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $
in last 4 weeks	2.5	2.6	1.6	1.9	2.4	1.6	1.8	2.9	2.7	2.8	4.1	2.2
in last 52 weeks	30.8	47.9	74.4	31.3	31.9	41.8	25.7	51.7	65.9	38.5	44.6	31.6

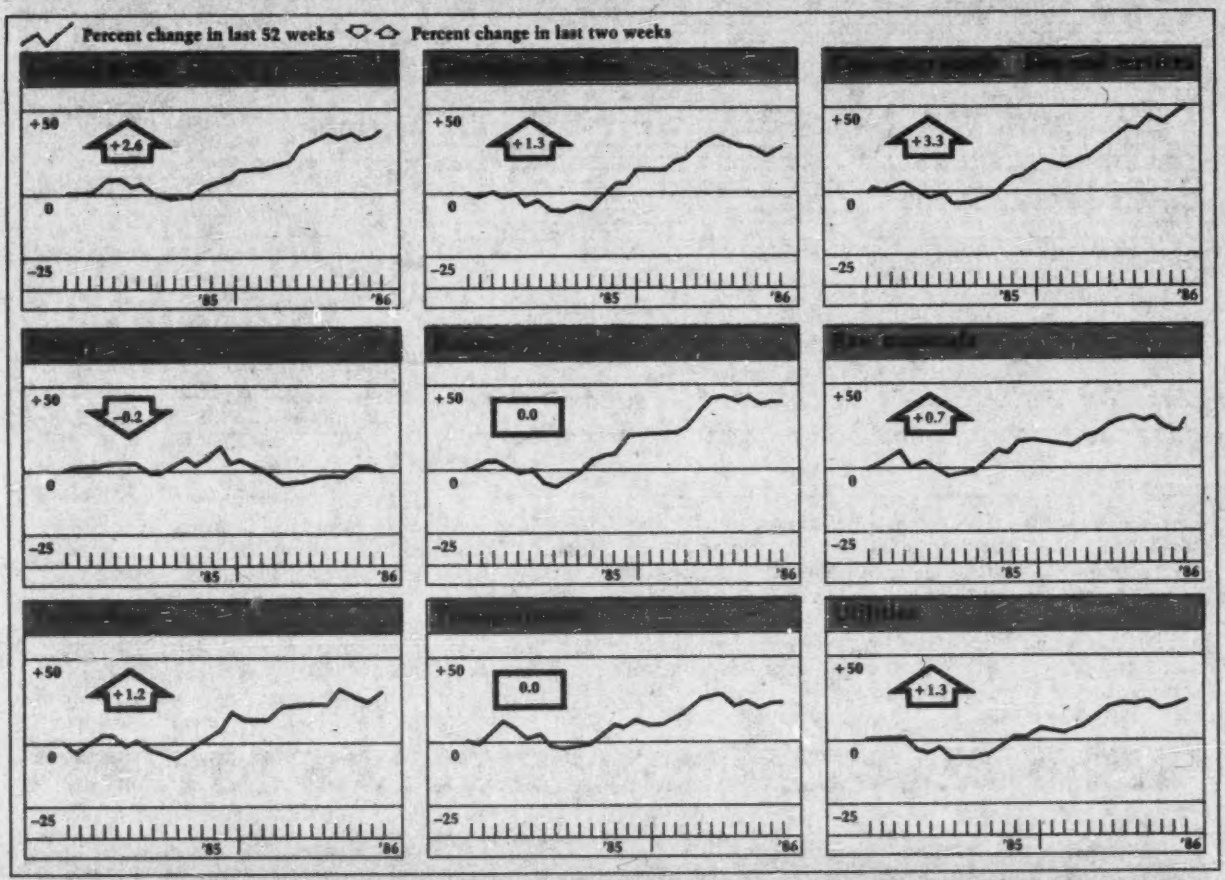
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/6/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Falling energy prices have not been a cure-all for transportation. They help railroads on such business as coal hauling whenever the railroad has no competition. But in the battle against the truckers, cheap fuel is a mixed blessing for rails *(see cover story, p. 86)*. At the same time, shipping volume for railroads and truckers has been curtailed by depressed prices for resources and weakness in the manufacturing sector. And the airlines have a way of giving back fuel savings to the consumer via fare wars.

During the last two weeks transportation stocks broke even, while the overall market was up 1.6%. In 52 weeks the transportation group rose 18%, vs. 29.6% for the Wilshire index. Only energy shares have a worse record. But the trip may not be over for the transportation sector.



What The Analysts Think

The analysts strike back. The Institutional Brokers Estimate System reports that nine earnings estimates for 1986 were lowered for every five that were raised. Bad, but not so bad as it used to be. As recently as March there were ten cuts to every five increases. And the estimates are going up for finance and consumer nondurables.

Performance period	Average earnings per share	P/E
latest 12 months	$2.83	16.6
1986 estimates	3.67	12.8
1987 estimates	4.27	11.1

1	Finance	$3.56	11.1	1.52%	1.40 %
2	Consumer nondurables	2.29	17.2	1.27	1.77
3	Utilities	3.37	9.6	-0.05	1.75 †
4	Raw materials	2.00	16.2	-0.38	-2.40
5	Technology	2.62	15.1	-0.73	-1.04
6	Capital goods	2.66	14.9	-0.81	-1.13
7	Consumer durables	3.79	10.4	-0.97	-1.73
8	Energy	2.38	12.4	-1.17	-7.25
9	Transportation	2.14	13.8	-2.50	-4.41

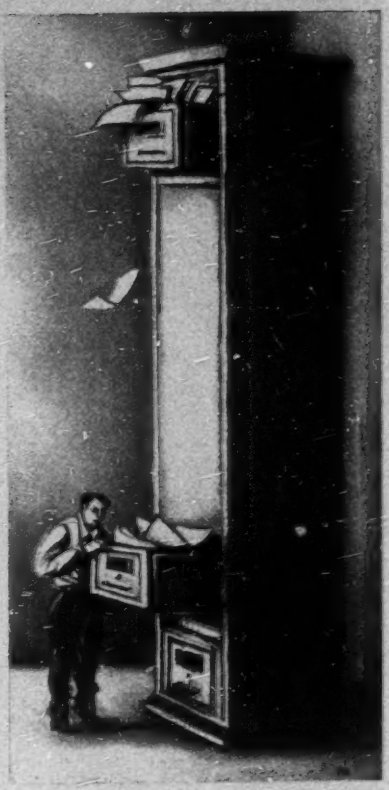
Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 6/6/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York. †revised

Statistical Spotlight

People who watch Atlantic Richfield have a lot of company—41 security analysts. The stocks rounded up here, in contrast, are each tracked by only one analyst.

Consensus of one



Karen Skolper

By Michael Granian

RESEARCH SHOWS THAT stocks with very poor coverage have done far better than stocks that are scrutinized by everyone on The Street," says Alexander Gould of Institutional Brokers Estimate System (IBES), which collects and publishes analysts' predictions.

How could lightly covered stocks do particularly well? Without a flock of analysts to push them, many of these stocks haven't yet attracted heavy institutional buying. If they do, they could enjoy outsize gains.

It isn't only the little companies that are neglected by Wall Street. Eight analysts track Biogen NV, a hot $21 million (sales) biotech company. But there's only one analyst on the IBES system following Tecumseh Products, an $800 million manufacturer of refrigeration equipment.

One-shot estimates are chancier, to be sure. The sole analyst on IBES following Tecumseh Products predicts 1986 earnings of $12.50, vs. actual 1985 earnings of $10.98. Tecumseh itself, which is being pummeled by cheap imports, is less sanguine. It will be lucky, says a spokesman, to match 1985 results.

IBES has a 1986 earnings estimate from only one analyst for each of the following 100 issues. A number of these neglected stocks are savings and loans that converted from mutual ownership to investor ownership over the past few years. Other Wall Street newcomers include Lancer, IP Timberlands and Luskin's. Luskin's, which sells at 6 times hoped-for 1986 earnings, operates a chain of consumer electronics stores. Over one-third of these firms sell for less than 10 times estimated 1986 earnings.

Sales at Recoton, a New York-based marketer of electronic equipment, are up sharply. But Albert Klein, who follows Recoton for New York-based Edward Viner & Co., cautions that "for earnings to go from 57 cents to $1.15 everything must fall into place—something that rarely happens." ■

100 Neglected Stocks

Exch	Company/business	Price recent	Price 52-week high-low	Earnings per share 1985	Earnings per share 1986 est	Earnings per share 1987 est	1986 est P/E	Sales* ($mil)
o	Arden Intl Kitchens/licenses Bonanza restaurants	3⅜	3⅜– 1⅞	0.10	0.25	NA	13.5	10
o	Athens Federal Savings/savings & loan	23	23¾–11¼	2.11	2.50	NA	9.2	39
a	Badger Meter/precision instruments	17¾	18¼– 9⅛	0.92	1.15	NA	15.4	56
o	Bank of Delaware/bank holding	40	40 –27	3.49	3.90	NA	10.3	145
o	Berkline/furniture	15	16¾–10¼	0.50	1.15	1.40	13.0	86

*Most recent fiscal year. NA: Not available or not applicable.

Sources: The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones, & Ryan via Micro/Scan Data on diskette from Isys Corp.; Standard & Poor's Stockpak-II System; The Unlisted Market Guide; Forbes.

100 Neglected Stocks

Exch	Company/business	Price: recent	Price: 52-week high-low	Earnings per share: 1985	Earnings per share: 1986 est	Earnings per share: 1987 est	1986 est P/E	Sales* ($mil)
a	BIC/pens & disposable products	28½	29¾–12¾	$1.94	$2.25	NA	12.7	$263
n	Burman's/supermarkets	21	21 – 7	1.77	2.25	NA	9.3	987
o	Robert C Brown & Co/financial consultant	10½	15¼– 9¼	0.55	1.00	$1.10	10.5	14
n	Carrols/Burger King franchisee	10	11 – 6½	0.80E	NA	NA	NA	145
o	Century Papers/paper products	10	11¾– 7¾	1.10E	1.30	NA	7.7	103
a	**Champion Products/athletic apparel**	35⅛	35⅛–13⅛	1.44	2.30	3.00	15.4	118
o	**Chittenden/bank holding**	41¼	43 –19½	3.02	3.40	NA	12.1	87
a	**CMI/heavy equipment**	5¾	12⅝– 5¼	0.15	0.65	1.50	8.8	135
o	**Coast Federal Savings & Loan/savings & loan**	16½	20⅞–13¾	1.79	2.00	2.50	8.3	121
o	**Cochrane Furniture/furniture**	15	15 –10	1.85E	2.10	NA	7.1	28
o	Collective Fedl Savings & Loan/savings & loan	28½	29½– 9⅝	2.52	4.35	NA	6.6	127
o	ComGen Technology/electronics	2¾	3½– 1	0.13	0.27	NA	10.2	26
n	Connecticut Energy/natural gas utility	24	24⅝–17	1.81	2.10	NA	11.4	164
o	Consol Cap Rlty Investors/REIT	8½	18½– 8¼	1.28	1.56	NA	5.4	26
o	Courier Dispatch Group/courier	4	6⅛– 4	0.27	0.45	NA	8.9	29
o	**Datasouth Computer/computer equipment**	2½	4⅛– 2⅛	0.20	0.22	NA	11.4	21
o	**DCNY/trades & underwrites credit instruments**	46½	55 –24	5.89	8.65	NA	5.4	240
o	**Detrex Chemical Industries/specialty chemicals**	37¼	37½–31	3.01	3.85	4.75	9.7	88
o	**DH Technology/computer equipment**	6	6½– 2	0.05	0.60	1.00	10.0	8
n	**Educational Computer/training simulation equip**	11¼	12 – 8⅛	0.63	0.70	NA	16.1	24
o	Equitable Iowa/insurance	30¼	32½–20¼	1.78	2.60	NA	11.6	447
a	Excel Industries/vehicular windows	13⅜	15½– 5⅞	0.75	1.45	NA	9.4	92
a	Fab Industries/textiles	30⅛	30⅝–18⅛	2.39	2.70	NA	11.2	111
o	Farm & Home Savings Assn/savings & loan	22¼	28¼–19	1.95	2.50	3.80	9.1	295
n	Fnl Corp of Santa Barbara/savings & loan	13	16½– 4¼	0.59	3.00	NA	4.3	319
o	**First Empire State/bank holding**	85	91 –52½	8.25	9.25	NA	9.2	264
o	**First Hawaiian/bank holding**	53½	54⅛–28½	4.06	4.60	NA	11.6	298
o	**First NH Banks/bank holding**	29¾	32 –14	2.65	3.20	NA	9.3	139
o	**First Southern Fedl Savings & Loan/savings & loan**	17⅜	22⅛–10	3.31	4.05	4.40	4.4	206
o	**First Valley/bank holding**	29½	29½–14½	2.23	2.45	NA	12.0	110
n	General Homes/home-building	14¾	15⅛– 4⅜	0.33	1.50	1.35	9.8	350
n	Great Atlantic & Pacific Tea/supermarkets	24	25¼–15¼	1.48	1.75	NA	13.7	6,615
a	Guardsman Chemicals/paints & varnishes	14⅛	14⅞– 9¼	1.05	1.25	1.50	11.3	87
n	Ingredient Technology/food processing	19½	20⅜–11⅜	1.14	1.40	NA	13.9	93
o	InterContinental Life/insurance	16	18⅛– 9⅛	1.13	1.50	NA	10.7	33
n	IP Timberlands Ltd/ltd partnership, timber	26⅛	28⅛–21•	1.99•	2.50	2.60	10.7	133•
o	**Josyln/transmission equipment**	34⅛	34⅛–28	2.37	2.65	NA	12.9	162
o	**Keane/software & services**	14¼	18½–11⅜	0.82	1.08	1.25	13.6	90
o	**Laclede Steel/steel**	22	22½–14½	1.94	2.50	NA	8.8	234
o	**Lancer/beverage dispensers**	18⅛	19 –13½•	1.04	1.30	1.60	13.9	28
o	Lindberg/metal fabricating & fab equipment	7⅛	7⅛– 4½	0.29	0.50	NA	14.3	69
o	Luskin's/electronics retailer	9	14½– 8½•	0.92	1.50	NA	6.0	110
o	Mars Stores/discount department stores	9	21½– 9	0.42	1.00	1.40	9.0	110
n	McDonald & Co Investments/securities brokerage	13¼	14⅜– 8½	0.96	1.20	NA	10.9	68
o	McGrath RentCorp/rent & sell modular offices	14¼	19 – 8	0.82	1.00	1.20	14.3	14

*Most recent fiscal year. •Range less than one year. E: Estimate. NA: Not available or not applicable.

Sources: The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones, & Ryan via MicroScan Data on diskette from Ips Corp.; Standard & Poor's Stockpak-II System, The Unlisted Market Guide; *Forbes.*

100 Neglected Stocks

Exch	Company/business	Price recent	Price 52-week high-low	Earnings per share 1985	Earnings per share 1986 est	Earnings per share 1987 est	1986 est P/E	Sales* ($mil)
n	McNeil Corp/industrial equipment	31¼	35 –23	$2.25	$2.50	NA	12.6	$178
o	Merry Land & Investment/real estate devel	15	15½–16¾	1.06	1.20	$1.40	12.5	10
a	Metex/antenna systems	13⅜	16¾–11	1.51	1.80	2.30	7.6	29
o	Metropolitan Fed Savings & Loan/savings & loan	30	34½–18¼•	2.64•	3.75	NA	8.0	105
z	Nantucket Industries/intimate apparel	10	12⅜– 6⅜	0.69	0.98	NA	10.2	37
o	Natl Western Life Ins/insurance	21¾	23 –12⅝	2.58	3.00	NA	7.3	231
o	North Fork Bancorp/bank holding	40¾	41½–14⅛	2.89	3.20	NA	12.7	38
o	OMI/maritime shipping	5⅞	6⅜– 3¼	0.27	0.70	NA	8.4	190
o	Patten/real estate	26½	29½–10¼•	1.40	1.65	NA	16.1	35
o	Phoenix Medical Tech/health care products	3¼	8⅜– 3½	0.29	0.45	0.65	8.3	11
o	Piedmont Bankgroup/bank holding	34½	34½-25	2.43	3.20	NA	10.8	34
a	PLM Cos/lease transportation equip	7⅜	9 – 3⅜	0.81	0.90	1.10	8.2	21
o	Preferred Financial/fund manager	6⅛	6⅜– 3½	0.40	0.60	0.75	10.4	11
o	Preferred Savings & Loan Assn/savings & loan	6½	7⅜– 5½	0.58	0.85	0.95	7.6	31
o	Princeville Development/real estate devel	9	9⅜– 5	0.17	0.80	NA	11.3	10
o	Profit Systems/freight forwarding	13¼	18⅛– 9¼	0.33	1.30	NA	10.2	125
o	ProGroup/athletic equipment & apparel	7⅛	9⅛– 5¼	0.27	0.67	NA	11.4	26
n	Pueblo International/supermarkets	17⅛	18⅛–10⅞	1.43	1.60	NA	10.7	597
o	Pulaski Furniture/wooden furniture	40	41⅜–20¾	1.25	1.65	NA	24.2	74
o	Reading Co/real estate development	25½	25⅛–18¾	0.32	3.10	2.50	8.2	36
o	Recoton/electronics	12⅛	13⅜– 6	0.57	1.15	NA	11.0	27
a	Regal-Beloit/precision instruments	19⅜	19⅜–11⅝	1.06	1.60	NA	12.3	55
n	RJ Financial/securities brokerage	16¼	20 – 8⅜	1.07	1.35	NA	12.0	86
o	Roanoke Electric Steel/mini steel mill	19¾	20 – 8⅜	1.58	1.80	NA	11.0	113
o	Rocky Mount Undergarment/apparel	5⅛	10 – 3⅛	0.40	0.80	0.95	6.6	40
o	Selecterm/computer equipment	7⅛	11½– 6	0.76	0.85	1.00	8.7	27
o	Society For Savings/bank	24⅞	28⅛– 5⅞	0.91	1.88	NA	13.2	294
a	Stanwood/men's, boys' apparel	11¾	13⅜– 7¾	0.57	1.15	NA	10.2	117
a	Susquehanna/building materials	5	5⅛– 3¾	0.40	0.75	NA	6.7	111
o	Tecumseh Products/refrigeration equipment	126½	130 –86½	10.98	12.50	13.50	10.1	829
a	Turner Corp/construction & real estate develop	26⅜	31⅜–23⅛	2.64	3.25	3.75	8.2	76
o	Union National/bank holding	40¾	41½–23½	2.63	2.90	3.20	14.1	252
n	United Brands/food processing	26⅜	27⅛–16	2.25E	NA	NA	NA	3,220
o	United Dominion Realty Trust/REIT	13½	14½–12½	0.28	1.00	NA	13.5	19
o	United Financial Banking/bank holding	16½	17½–11½	1.41	1.90	2.35	8.7	6
o	United Tote/computer sys for gaming ind	5¼	11½– 4¼	0.65	0.95	NA	5.5	8
o	USACafes/fast-food restaurants	6	6⅜– 3⅜	0.40	0.53	NA	11.3	20
o	Valley Bancorporation/bank holding	43	46 –26	3.22	3.60	NA	11.9	168
n	Vendo/vending machines	7⅛	12 – 6¼	0.44	0.70	NA	10.9	89
o	Virginia Beach Fed Savings & Loan/savings & loan	6⅜	8⅜– 4¼	0.89	1.27	NA	5.0	89
o	Warwick Ins Managers/insurance	13	12½– 7½	0.65	0.90	1.45	13.8	21
o	Weinfields/jewelry retailer	17¼	18½–11½	1.52	1.70	NA	10.1	49
a	Wiener Enterprises/apparel retailer	10⅜	13½– 8½	0.85	1.65	NA	6.5	58
o	Woodhead Inds/electronics	13½	18 –11¼	0.63	1.20	NA	11.3	60
o	York Federal Savings & Loan/savings & loan	30	25½– 6⅜	1.37	1.60	1.75	12.5	59

*Most recent fiscal year. • Range less than one year. E: Estimate. NA: Not available or not applicable.

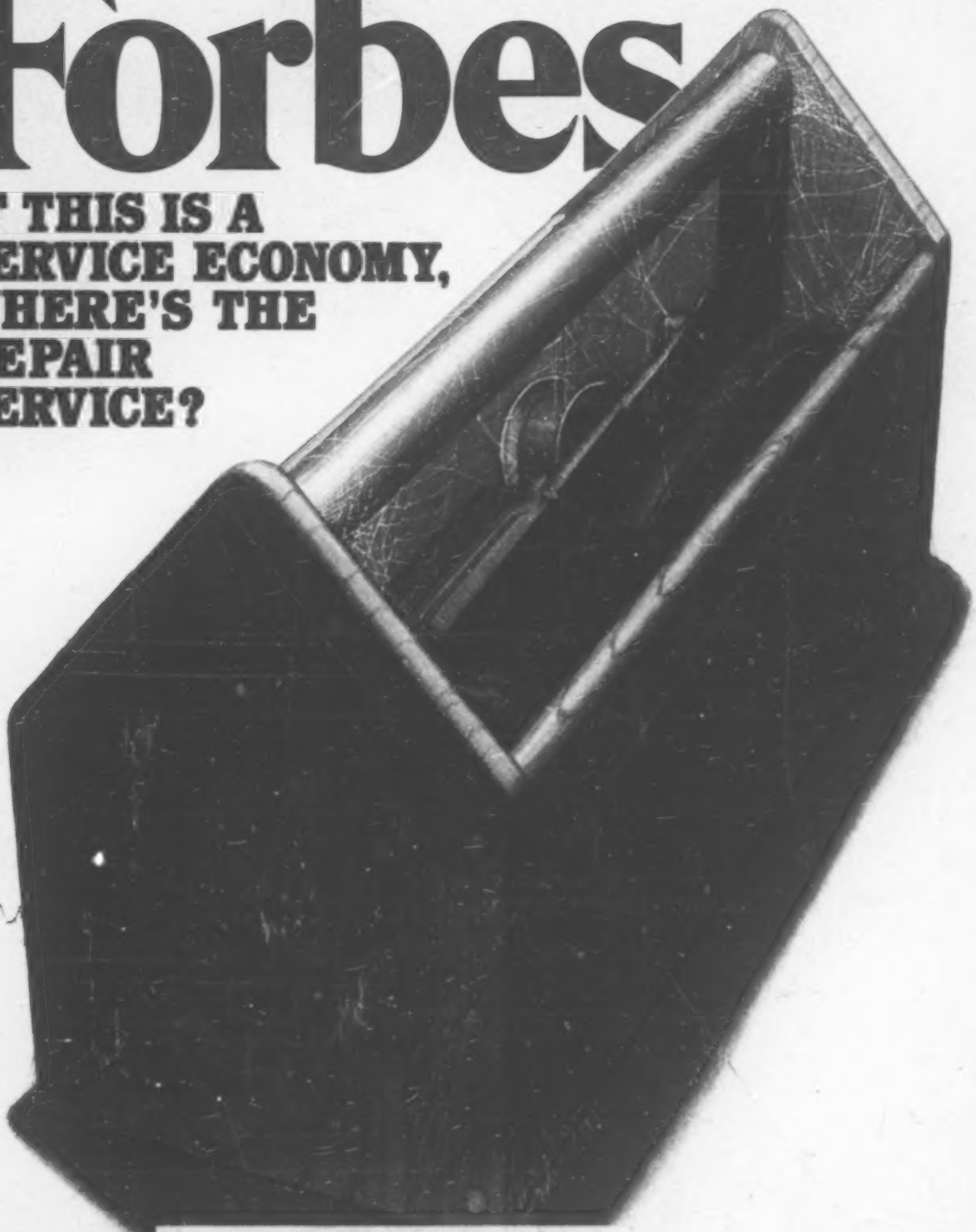
*Sources: The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones, & Ryan via Micro*Scan Data on diskette from Ips Corp.; Standard & Poor's Stockpak-II System,* The Unlisted Market Guide; *Forbes.*

JULY 14, 1986 THREE DOLLARS FIFTY CENTS

C3950-1

Forbes

IF THIS IS A SERVICE ECONOMY, WHERE'S THE REPAIR SERVICE?



********** CAR-RT SORT ** CR02
T2910378 S2 22 0020
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

74820 08317 28 0

Forbes

JULY 14, 1986
VOLUME 138
NUMBER 1

40 *Rochester Tel's Alan Hasselwander*

The editorial index of companies referred to in this issue is on pages 128 and 129.

COVER STORY

71 Shake, Rattle And Clonk
This year an estimated $150 billion will be spent to repair everything from automobiles and televisions to the backyard steps. So why don't we get more for all that money?

COMPANIES

33 Bacardi Corp.
Bacardi rum is the envy of the liquor industry. But apparently liquor and bond trading don't mix.

40 Rochester Telephone Co.
Progressive Rochester Tel is buying mossbound rural telephone outfits. Why?

47 Whittaker Corp.
Its chairman says the fun will soon begin. That may be. But fun for whom?

51 W.A. Krueger Co.
Now that Krueger has become a top commercial printer, it must somehow ride out a downturn in the industry.

54 The Up & Comers: Hogan Systems, Inc.
"We forgot about the clients," admits its chief executive.

56 The Up & Comers: Ceradyne, Inc.
How Joel Moskowitz found despair and debt and, ultimately, happiness in the arms of other companies.

82 Cummins Engine Co.
Matching Japanese competitors' prices was one thing, matching their costs another.

86 SnyderGeneral Corp.
Singer Co. thought air-conditioning was a dead-end business. That gave Richard Snyder the chance to make out beautifully.

INDUSTRIES

34 Savings And Loans
Brokering big loans for little thrifts seemed like a great idea when Siscorp got started. But you know what they say about fools and their money.

50 Pension Funds
Do pension fund sponsors know where their $1 billion in soft-dollar commissions is going?

60 Mining
Gold prices are down, but a U.S. gold rush is under way.

62 Gambling
Allen Glick is rich and a celebrity, which is more than you can say about most of his former Las Vegas associates.

INTERNATIONAL

35 International Investment Banking
It is risky and turbulent, but the largest U.S. commercial banks are diving in.

46 Facsimile Transmission
How the Japanese beat the U.S. producers to dominate the lucrative fax market.

DEPARTMENTS

6 Side Lines
8 Trends
12 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
131 Flashbacks
132 Thoughts

COLUMNISTS

117 Ben Weberman
118 David Dreman
119 Ann C. Brown
120 Srully Blotnick
122 Ashby Bladen
124 Stanley W. Angrist

MONEY & INVESTMENTS

25 What's Ahead For Business
26 The Forbes Index
107 The Forbes/Wilshire 5000 Review

Cover illustration by Bryce Lee

78 *A Texas glimmer*

96 *Kids and drugs*

69 As I See It: Global Marketing
How the croissant came to Harvard Square, and other thoughts from marketing expert Theodore Levitt.

REGIONS

78 A Bright Spot In Texas
Fort Worth woke up just in time from the statewide delusion that prosperity is a Texan's divine right.

INVESTING

30 New Issues
Here's a tip, and a caveat, on playing the new-issue boom.

80 The Funds: Third World Stocks, Third Rate Results
A fund for developing world stocks gets off to a bad start.

110 The Funds: The Costly Pacifier
When the customer insists on buying a silly product, let him have it.

111 Statistical Spotlight: Everything Is Relative
In an 18 times earnings market, low-P/E investors sometimes bend the rules and settle for medium-low multiples.

112 The Money Men: Bernard Klawans
This cautious investor has profited nicely on widows' and orphans' stocks, and by keeping his overhead down.

126 Streetwalker
A chat with insider-trading prosecutor Rudolph Giuliani, Information International, Inc.; Alpha Industries, Inc.; Gelman Sciences, Inc.; NL Industries, Inc.

ON THE DOCKET

58 Deregulation Strikes Again?
Larry Hunts thought he was in good hands with Sears. Now he's suing the retailer for $100 million.

TAXING MATTERS

84 Cobra's Bite
Executives can comply with a new health insurance law, or they can pay more personal income taxes.

MARKETING

88 The Celebrity Is The Message
The Japanese love . . . Western pop stars? Also: Tea for two, but make it decaf.

SCIENCE & TECHNOLOGY

90 Follow The Money
Hospitals are jumping into the insurance business, and vice versa.

PERSONAL AFFAIRS

96 "We're All Sweating Blood Over This"
Do better schools do a better job controlling students' use of drugs? Do parents even dare ask about it?

CAREERS

98 Everyone Has To Start Somewhere
Your first job, it turns out, is less important than your second.

FACES BEHIND THE FIGURES

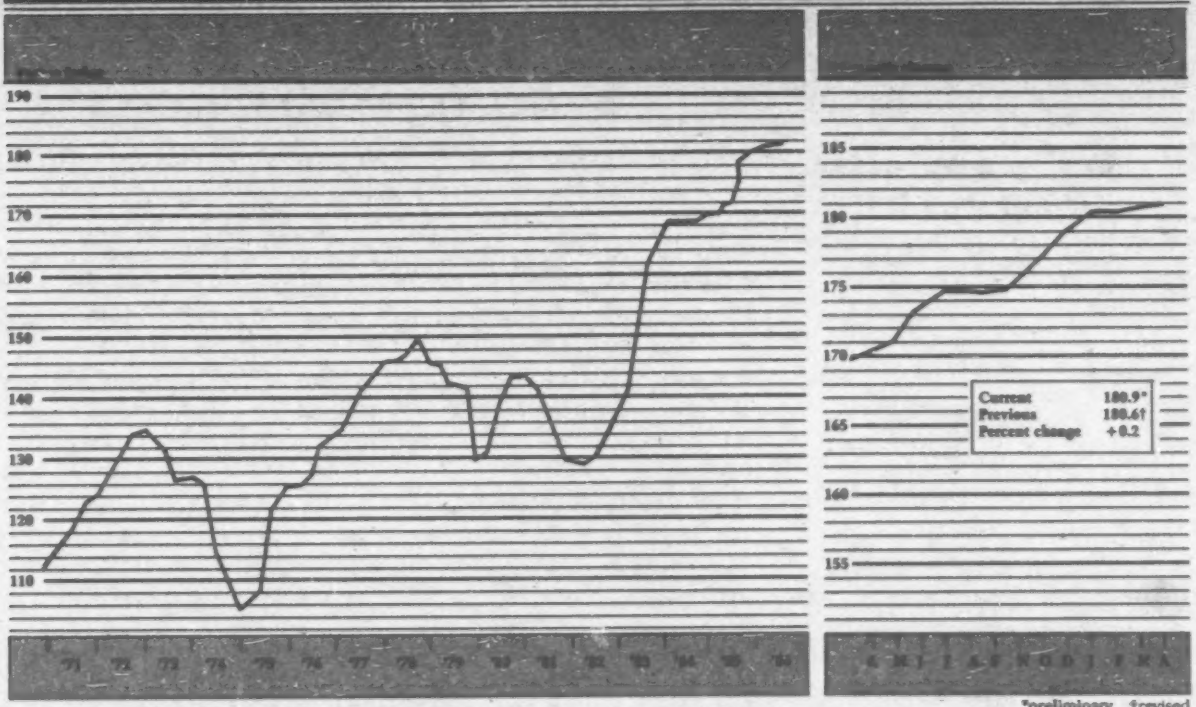
104 William Young, *BankAmerica*
104 Paul Bürgi, *Usego-Waro Group*
105 Richard Gilmore, *GIC Agricultural Group*
105 Richard Simmons, *Allegheny Ludlum Steel*

July 14, 1986 Volume 138 Number 1 Forbes [ISSN 0015 6914] is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



*preliminary †revised

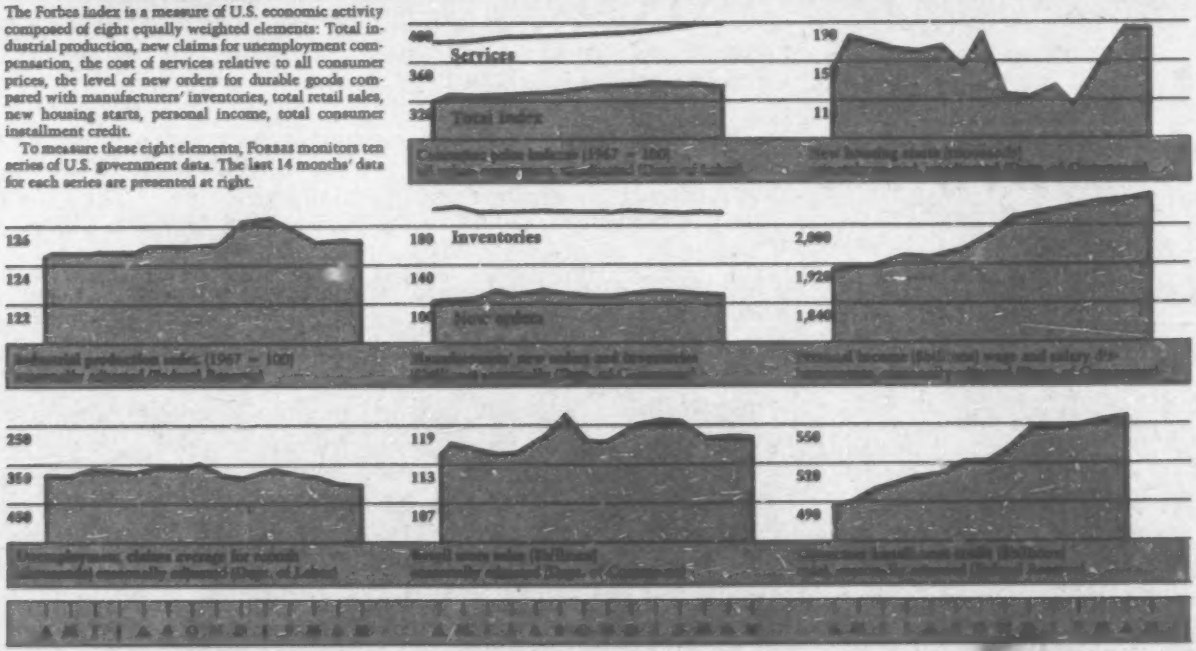
Behind the shiny facade. The Forbes Index gained 0.2% overall during the latest reporting period, but several Index components declined. Personal income rose 0.2%, and consumer installment credit, a reflection of auto and appliance sales, rose 0.8%. Yet retail sales, stronger in January and February, slipped by 0.7% from April to May. And manufacturing still isn't doing well. Industrial production declined by 0.5%.

The lackluster economy is having an impact on jobs, as evidenced by the 1.7% jump in new unemployment claims, the largest month-to-month increase since February. Although new housing starts for May were 11.5% higher than for May of last year, they were off nearly 0.1% from April.

The Forbes Index Components

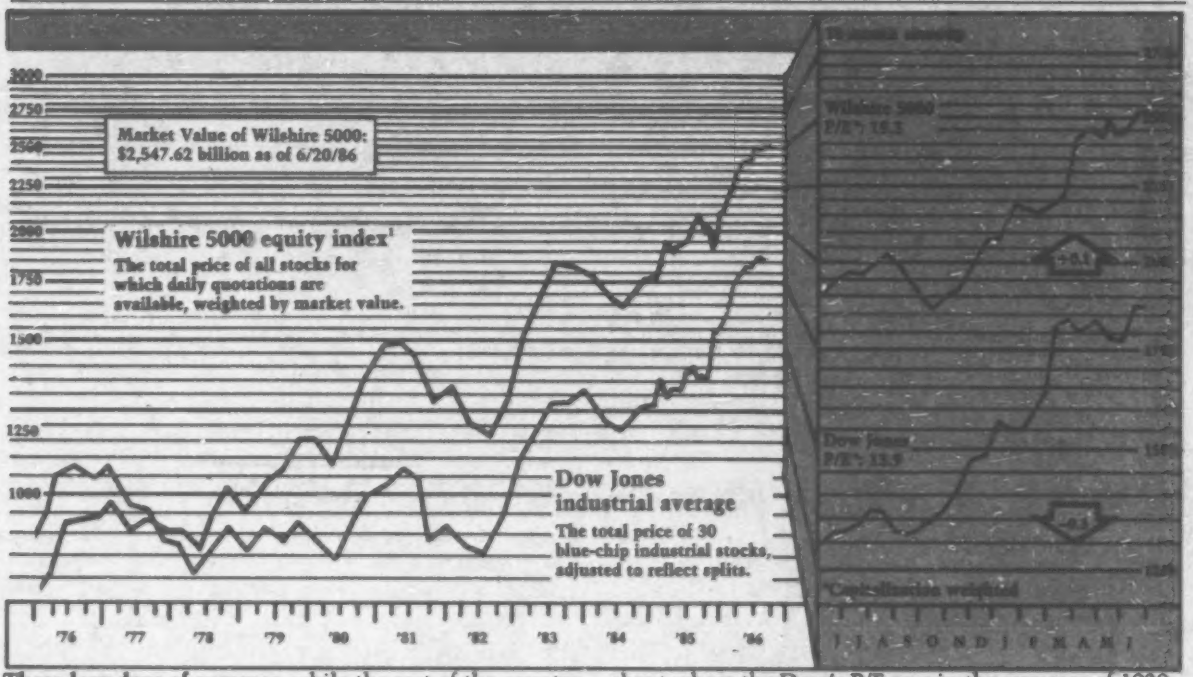
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



These lazy days of summer, while the rest of the country is off on vacation, are when strange things can happen on Wall Street. Over three of the last six summers the Wilshire index made double-digit swings. The wildest summer of the lot was in 1980, when the Wilshire gained 16.7%. The second-best gain, 15.4%, came in the summer of 1982. When the August 1982 rally began, the market sold at only 7.1 times most recently reported earnings. Now the P/E multiple on the Wilshire is 18.3. That's about where the Dow's P/E was in the summer of 1929.

The Dow industrials opened the recent two-week period at an alltime high but ended the first trading day with a near-record 46-point loss. Investors then spent the next nine trading days bidding the Dow back up. The 30-stock Dow ended with a 0.3% loss while the Wilshire index posted a 0.1% gain. Big Board shares gained 0.5% on rather slow volume, while Amex issues were up 0.4%. Nasdaq shares fell 0.8%.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Value Line[2]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
In last 4 weeks	1.7	1.0	1.1	2.6	1.3	1.3
In last 52 weeks	30.0	17.7	6.9	28.9	24.8	37.5

Stock performance based on six key investor parameters

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
In last 4 weeks	1.0	2.1	-0.1	2.1	0.4	0.5	1.0	1.8	2.5	2.2	2.7	0.1
In last 52 weeks	30.3	39.5	75.4	31.0	33.0	40.9	24.5	33.3	68.8	28.2	40.3	34.2

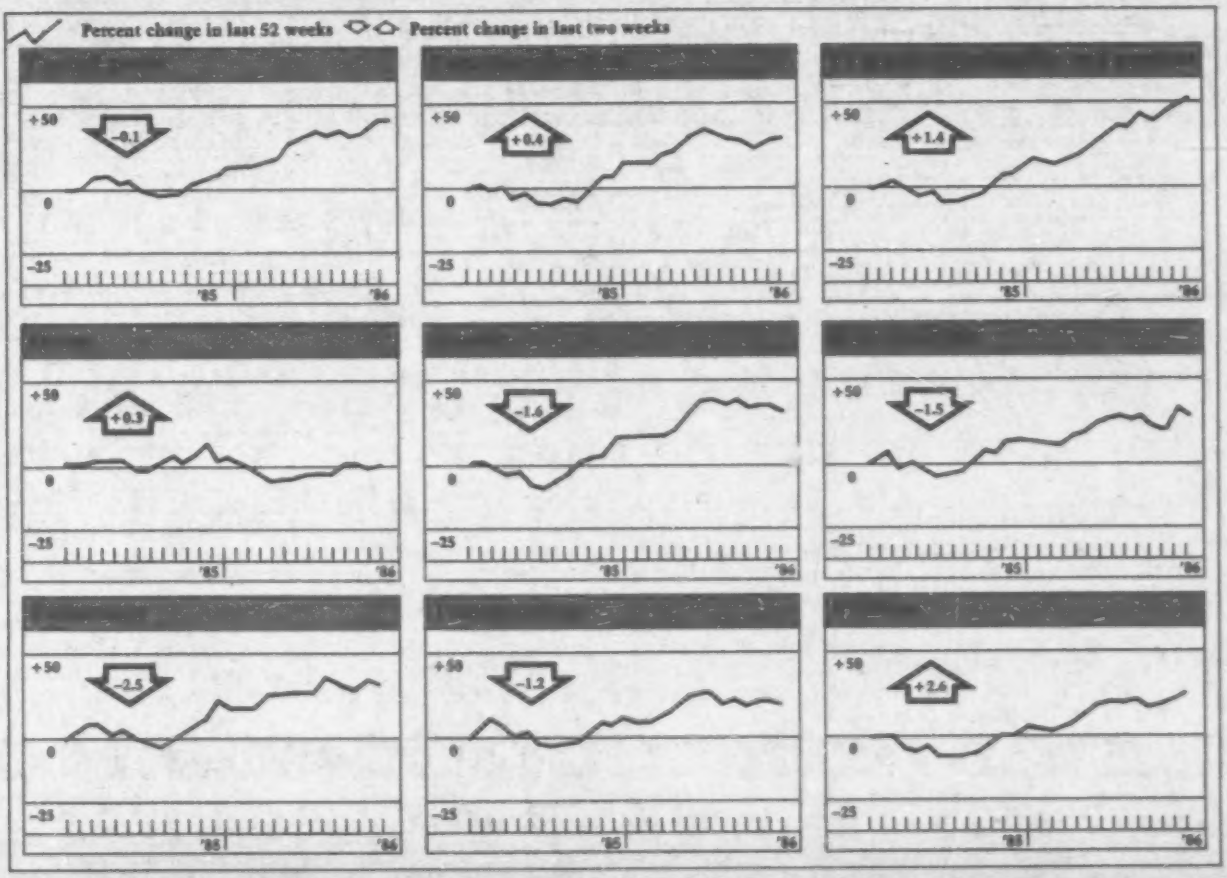
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/20/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Guy Peach

Where The Action Is

Where's the service? At the top of the charts. Wall Street is hot for consumer nondurables companies, among which are a lot of service businesses, from McDonald's to Great Atlantic & Pacific Tea. With a 52-week gain of 49%, the consumer nondurables (which also include drug manufacturing, another current favorite) outperformed the Wilshire index (up only 30%) and the remaining eight sectors. In consequence, consumer nondurables sell at the highest premium of the lot, 17.3 times estimated 1986 earnings. But beware the flip side. Investors often react sharply when stocks such as these report disappointing news. During the last two weeks, for example, warehouse retailer Price Co. fell nearly 15% in response to first-quarter earnings that were strong but below expectations.



What The Analysts Think

Cheaper sectors. Relative to today's market, in which the companies constituting the Forbes Sales 500 sell at 16.8 times latest 12-month earnings and 13 times estimated 1986 earnings, three sectors are available at discounts: utilities, consumer durables and finance. All sell at no more than 10.8 times estimated 1986 earnings.

Performance period	Average earnings per share	P/E
latest 12 months	$2.77	16.8
1986 estimates	3.59	13.0
1987 estimates	4.17	11.2

1	Consumer durables	$4.03	9.8	0.04%	-1.03%
2	Finance	3.58	10.8	-0.17	-0.21
3	Consumer nondurables	2.30	17.3	-0.28	-0.43
4	Utilities	3.37	9.9	-0.29	-0.45
5	Transportation	2.13	13.7	-0.62	-3.03
6	Technology	2.59	14.9	-0.88	-1.63
7	Energy	2.32	12.6	-1.57	-2.83
8	Capital goods	2.55	15.0	-1.59	-2.33
9	Raw materials	1.97	16.2	-1.66	-2.86

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 5/20/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

What's a low-P/E investor to do when the market is trading at a lofty 18 times earnings? Bend the rules a little and settle for medium-low-P/E stocks.

Somewhat cheap

By Michael Ozanian

THE WAY TO BEAT the market over the long run, one school of thought holds, is to focus on stocks priced at small multiples of earnings per share. FORBES columnist David Dreman, one of the best-known practitioners of this school, has done repeated studies supporting the virtues of stocks that sell at low P/Es. He describes his latest findings on page 118.

Here we present the results of a slight variation on the low-P/E theory. We calculate the ratio not from latest 12-month earnings, as Dreman does (he puts little faith in earnings projections), but from analysts' estimates of 1986 earnings.

Does low-estimated-P/E investing

Price-to-hope ratio

All these issues sell for less than eight times hoped-for 1986 earnings, and most are expected to earn more this year than during the last 12 months. As important as the estimate, however, is the level of agreement among the analysts. The higher the agreement, the more likely that earnings will match expectations.

		Price		Latest 12-month	1986 estimates			Agreement among	1987 EPS	Sales
Exch	Company	recent	52-week high–low	EPS	EPS	P/E	number	analysts	est	($mil)
o	Chancellor	8¼	15¼– 5⅞	$2.18	$2.40	3.6	1	—	NA	$ 29
n	Chrysler	35⅛	47⅛–22½	8.95	6.37	4.2	25	average	$8.34	21,256
n	Downey Sav & Loan Assn	21	27 – 8⅛	5.99	4.67	4.5	1	—	4.67	297
n	Homestead Financial	18½	22⅛–10	3.30	4.00	4.6	3	very high	4.80	26
a	Engineered Sys & Devel	8⅝	18⅛– 8⅛	0.38	1.84	4.7	2	—	NA	40
o	First Federal Michigan	25¼	28⅛– 9⅛	7.43	5.32	4.8	5	low	5.48	1,115
n	TransCapital Financial*	16	19⅛– 8⅛	3.00	3.30	4.8	1	—	NA	362
o	Amer Fed S&L Colo	17¼	23⅛–13½	3.37	3.65	4.9	3	high	4.50	62
o	Commercial Federal	16⅞	19⅜– 5¼	3.24	3.44	4.9	3	low	3.84	303
n	Metropolitan Financial	17¼	22½– 9⅛	5.55	3.50	4.9	1	—	NA	169
o	Luskin's	7½	14½– 6¾	0.92	1.50	5.0	1	—	NA	110
n	Gibraltar Financial	11½	12¾– 5¼	2.13	2.20	5.2	12	low	2.21	1,028
n	Southmark	10	14 – 5⅛	2.05	1.89	5.3	2	—	2.04	573
n	Coleco Industries	15⅜	21½–14	3.03	2.90	5.3	10	low	4.27	776
o	Rocky Mount Undergarment	4¼	9¾– 3⅛	0.31	0.80	5.3	1	—	0.95	40
o	DCNY	47	55 –34	8.15	8.65	5.4	1	—	NA	240
o	Elbit Computers Ord	9	10⅜– 6⅞	1.44	1.60	5.6	4	average	1.60	149
n	Manufacturers Hanover	51	57⅛–33⅞	8.51	8.67	5.9	25	high	9.54	2,112
n	Far West Financial	15½	20⅛– 9⅛	3.19	2.67	5.9	1	—	NA	287
n	Great Amer First Sav Bank	18	19¾– 9⅝	2.82	3.02	6.0	9	average	3.31	874
a	Susquehanna	4½	5⅛– 3⅛	0.28	0.75	6.0	1	—	NA	111
n	CalFed	36	36 –16¾	6.62	5.97	6.0	14	average	6.32	1,962
n	Food Mocse	53⅛	56⅜–28⅛	8.99	8.66	6.2	25	average	8.27	52,774
a	American Fructose	11½	12⅛– 4½	0.17	1.70	6.8	1	—	2.50	128
n	Sea Containers Ltd	24⅛	43 –24	0.72	3.14	7.8	4	average	4.71	573

*Formerly Transohio Financial. NA: Not available. a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones, & Ryan via Micro/Scan Data on diskette from Isys Corp.; FORBES.

work? We don't have enough evidence to say. But we did try one five-year back-test of the approach, using two portfolios from 1981 with very high or very low P/Es, based on estimated 1981 earnings. From June 1981 to the present, a $1,000 investment in each of the 25 firms with estimated 1981 P/Es all greater than 36 grew to almost $34,000 (dividends not included), while the 25 stocks with P/Es all lower than 4.4 rose to $66,000. That's a 36% rise, vs. a 164% rise.

The consensus estimates on the following list of 25 potentially bargain-priced stocks come courtesy of the Institutional Brokers Estimate System. Our computer screened for companies selling at no more than eight times projected 1986 earnings, and it dropped firms with less than 15 cents a share in earnings over the latest 12 months or with a negative book value.

Although savings and loan associations have already gained 59% over the past 52 weeks, they still compose over one-third of our list of potentially cheap stocks. All of these shares sell for less than half the estimated 1986 market multiple of 13. (The market is trading at about 18 times trailing 12-month earnings.)

Allan Bortel, who tracks S&Ls for Shearson Lehman, observes, "Investors still remember getting burned in the early 1980s when interest rates rose and margins for S&Ls went to hell." But Bortel thinks adjustable rate loans have significantly helped these institutions hedge against interest rate risk. He expects that the 33 S&Ls he follows will eventually sell at about ten times projected earnings, up from a current 7.5. Among his favorites is American Federal Savings & Loan of Colorado, a company with fourth-quarter 1985 profits up 66% from the previous year.

Diane Heidt, an analyst with Drexel Burnham, is a little more cautious about the thrift industry. "These banks aren't completely immune to interest rate shifts," she warns. She cites CalFed (FORBES, *June 16*) as an example. "A one-point rise in interest rates would cost CalFed about 85 cents a share."

Wall Street expects Sea Containers, the world's largest lessor of ocean-shipping containers, to post a 336% jump between trailing 12-month and this year's estimated earnings. Then again, the company might not. The firm has high fixed costs in a cyclical industry. Should Sea Containers disappoint, it wouldn't be the first time. In 1981 analysts predicted 1982 earnings of $5.17 a share. The company proceeded to earn $3.56. ■

The Money Men

The cautious Bernard Klawans has beaten the stock market soundly over the past decade. He also knows how to save a penny or two on the overhead.

"For widows, orphans and me"

By Laura R. Walbert

WHY IS the Valley Forge Fund 90% in cash? Does manager Bernard Klawans know something we don't about the next bear market?

FORBES dropped in on the Wayne, Pa. headquarters to find out. Does Klawans talk to analysts? Nope, doesn't trust them. Does he get ideas from the *Wall Street Journal?* Financial magazines? Nope, they're a waste of time. Klawans (pronounced klah-WONZ) doesn't subscribe to any data services. He rarely takes ideas from brokers, and says most of his close friends are engineers, not investors.

There must be some research somewhere. "What's in all those file cabinets?" we ask. Klawans paws through old fund documents, SEC filings and tax information, coming to a folder marked "Shoes." Shoes? An industry report? "That's Mason shoes," says Klawans, yanking out a mail-order catalog. "I always buy the same shoes because they cost only $43 and they are the only shoes I've ever had that I didn't have to break in."

"I would buy their shoes, too, but they don't have my size," chimes in his wife, Nancy, from her seat at the typewriter.

Yes, the Valley Forge Fund, a no-load fund with $10 million in assets, is a true mom-and-pop operation. It's a bit eccentric, both in its investing and in its mode of operation. But it's hard to argue with the results. During the ten years ended Mar. 31, Valley Forge gained an average 17.5% a year, while the market was up 14% a year and the typical equity fund, 16.5%. And the fund hasn't had a down year since 1973. For that performance Klawans takes 1% a year.

While most mutual fund managers work in fancy downtown offices, Klawans, 65, wears a T shirt, shorts and thongs to work. Headquarters is the rec room of his home, with data storage in the garage and basement. When it's time for fund proxies to go out, the Valley Forge staff—the third member of which is a part-timer still in college—gets together to staple, stuff and stamp. Klawans figures he currently spends all of four hours a week on the fund.

As president of the fund, Klawans acts as the fund's custodian, trustee and transfer agent. Many funds charge hundreds of thousands of dollars for those services, but Valley Forge shareholders get them for free. When the fund buys new securities, Klawans jumps into a Chrysler station wagon, one of the fund management company's two major assets (the other is a minicomputer), and drives down to a safe deposit box at the Royal Bank of Pennsylvania.

Klawans handles all legal matters, does his own accounting and prices the fund. Just after 4 p.m., Klawans calls a broker for the closing prices on the fund's securities. Pulling a scrap of paper out of the wastebasket, Klawans jots down the changes, makes a few calculations, and reports, "Down a penny." That's the price that will appear in the next day's newspapers.

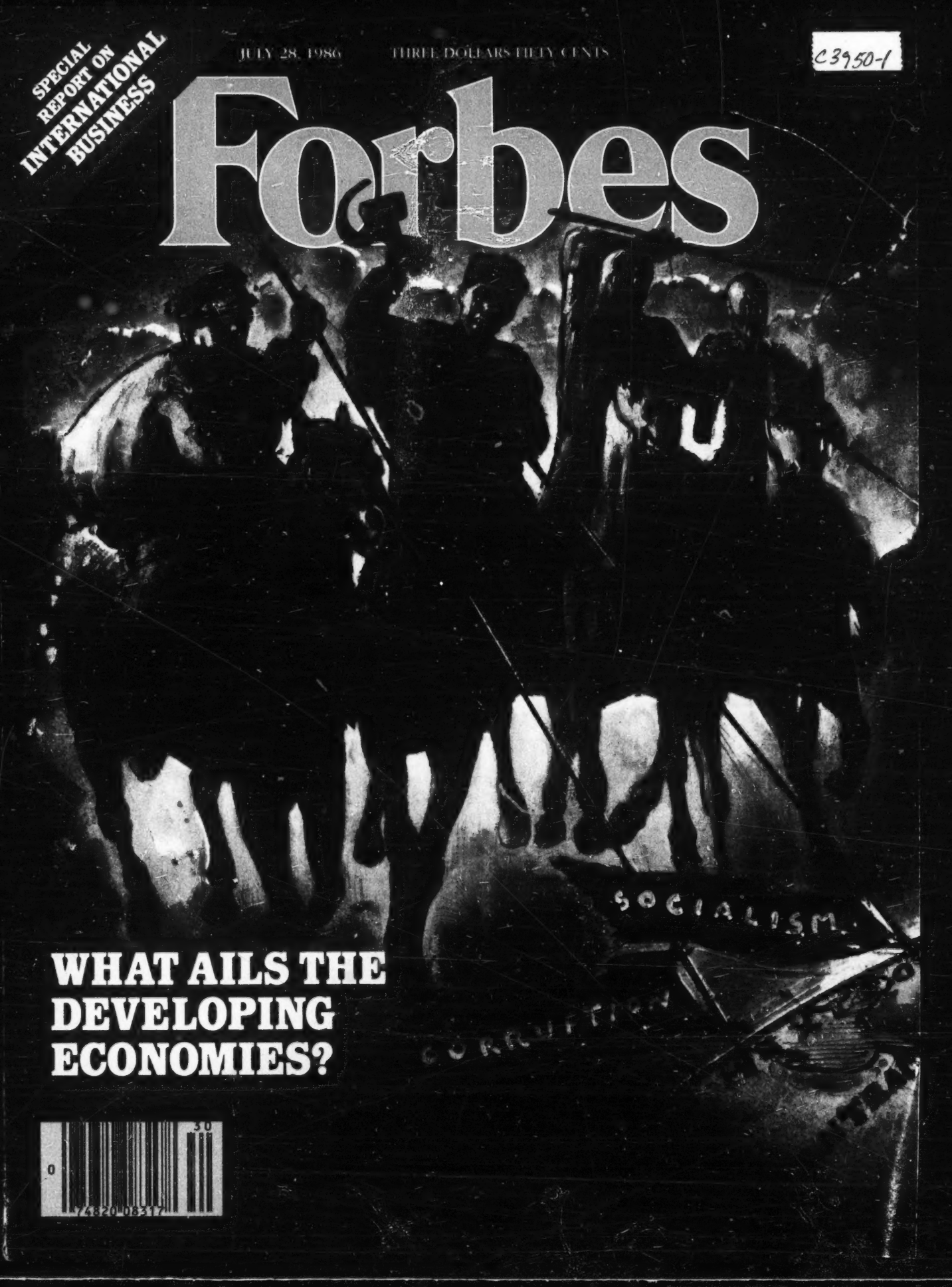
Besides running the fund, Klawans runs a computer business, acts as the transfer agent for the Royal Bank (which has 482 shareholders) and leases computer time to SmithKline

C3950-1

SPECIAL REPORT ON INTERNATIONAL BUSINESS

JULY 28, 1986 THREE DOLLARS FIFTY CENTS

Forbes



WHAT AILS THE DEVELOPING ECONOMIES?

0 74820 08317 3 0

Forbes

JULY 28, 1986
VOLUME 138
NUMBER 2

The editorial index of companies referred to in this issue is on pages 232 and 233.

COVER STORY

95 The Four Horsemen Ride Again
Why are some developing countries getting relatively rich while others sink deeper into poverty? History and culture have something to do with the difference, but socialism, excessive urbanization, corruption and civil disorder are the biggest villains.

COMPANIES

39 United Banks Of Colorado
Few executives can leave a party early. To his shareholders' great benefit, this Colorado bank's chairman did.

41 Storage Technology Corp.
The computer peripheral maker that went from hot to cold and now is warm again. Very warm.

43 Genesco Inc.
Always about to turn around, Genesco never did and Wall Street abandoned the company. Time for another look?

44 Middle South Utilities, Inc.
After a brush with bankruptcy, the long, slow road back to prosperity.

82 Consolidated Natural Gas
Natural gas companies are beginning to learn what competition really means. This one already knows, and as a result is sitting pretty.

128 The Up & Comers: How To Build A Terrific Little Business
A textbook case of how Kenneth Boudrie built his Bartley Collection into an entrepreneur's dream come true.

136 The Up & Comers: The Joys Of Bankruptcy
Willcox & Gibbs' John Ziegler didn't want to be in bankruptcy. But once there, he learned all he could.

INDUSTRIES

40 Resorts
Why has Idaho's Duane Hagadone built himself a fancy resort hotel in the middle of nowhere?

54 Trucks
Thanks to a technological and marketing advantage over competitors, Ford's pickup-truck profits could be hottest this fall.

78 Agriculture
The Farm Credit System, bogged down by $5 billion in bad loans, has a simple recovery plan: Bleed healthy members for cash.

INTERNATIONAL

38 Screeching To A Halt
Will the trade deficit ever disappear? Yes, but not until foreign companies stop slashing profit margins and start really raising prices.

DEPARTMENTS

6 Side Lines
8 Trends
14 Follow-Through
18 Readers Say
23 Fact and Comment
26 Other Comments
29 Fact and Comment II
235 Flashbacks
236 Thoughts

COLUMNISTS

224 Ben Weberman
225 Ann C. Brown
226 Kenneth L. Fisher
227 Srully Blotnick
228 Stanley W. Angrist

MONEY & INVESTMENTS

33 What's Ahead For Business
34 The Forbes Index
219 The Forbes/Wilshire 5000 Review

Cover illustration by Daniel Maffia

91 *Margaret Thatcher speaks out*

171 *Forbes' foreign report*

91 An Interview With Margaret Thatcher: I Envy President Reagan
Has the swing toward more conservative governance run its course? Has Britain's stubbornly high unemployment caught the Tories off guard? Britain's Prime Minister answers these and other questions put to her by Forbes.

REGIONS

106 Are You Listening, Woody Allen?
How many southern Californians does it take to make a vibrant downtown Los Angeles? Fewer than it used to.

INVESTING

123 The Funds: Closed-End Cornucopia
For those with a sense of history, new closed-end funds are coming to market in frightening volume. Even more frightening are the poison pills.

230 Streetwalker
Tax reform; Morse Shoe, Inc.; IDC Services, Inc.; American President Cos.; Edo Corp.

NUMBERS GAME

111 Drilling For Information
It isn't easy for investors to get an idea of what an oil company is really worth. But with a lot of sweat and ingenuity you can do it.

TAXING MATTERS

114 End Of An Era
Tax reform will definitely hit real estate values, says this expert. But some properties will be hit far worse than others.

MARKETING

140 Tired Flavors
Baskin-Robbins sells more ice cream by the scoop than any other company. But faced with flat sales, the firm is desperately seeking to perk up its flavors. . . . Also: Coca-Cola's redesign hodgepodge; déshabillé to doomsday.

SCIENCE & TECHNOLOGY

146 Plaque Busters
Doctors soon may be fixing what ails coronary disease patients, using a wholly new technique.

PERSONAL AFFAIRS

154 The Refinancing Shuffle
You want to refinance your home? Here are some ways to speed up what has become a very slow process.

CAREERS

160 The Line Of Fire
So they canned your boss. Get your résumé ready, but don't be too quick to quit.

SPECIAL REPORT:
171 Spotlight On International Business

172 The 100 Cheapest Foreign Stocks
176 The 500 Largest Foreign Companies
200 The 100 Largest Foreign Investments in the U.S.
207 The 100 Largest U.S. Multinationals
212 100 U.S.-Traded Foreign Stocks
Index to Foreign 500 on page 194

FACES BEHIND THE FIGURES

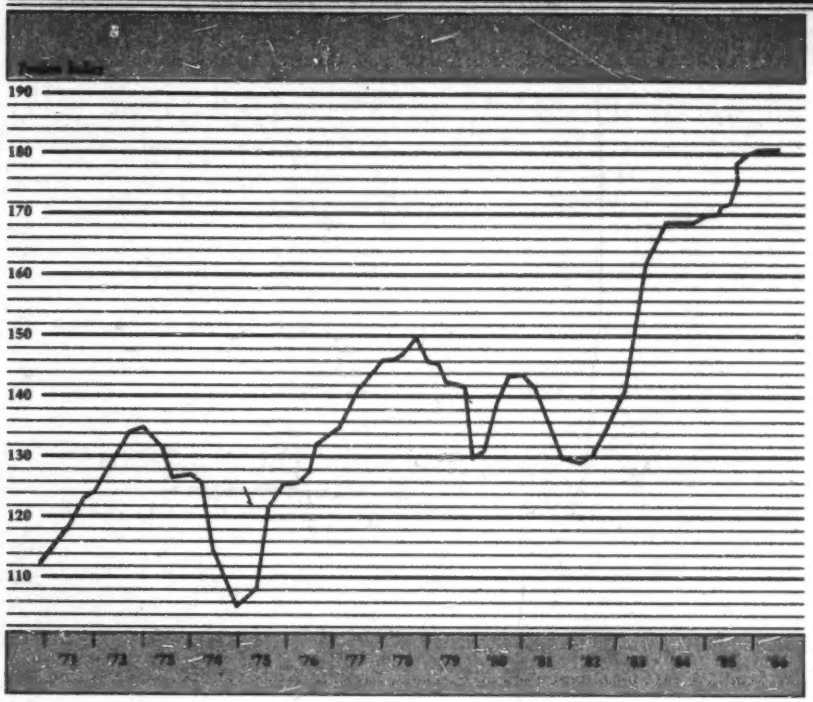
164 Peter Magowan, *Safeway Stores*
164 Robert Decherd, *A.H. Belo Corp.*
166 Andrea Pininfarina, *Pininfarina SpA*
166 Leigh Steinberg, *sports attorney*
168 Richard West, *New York University*

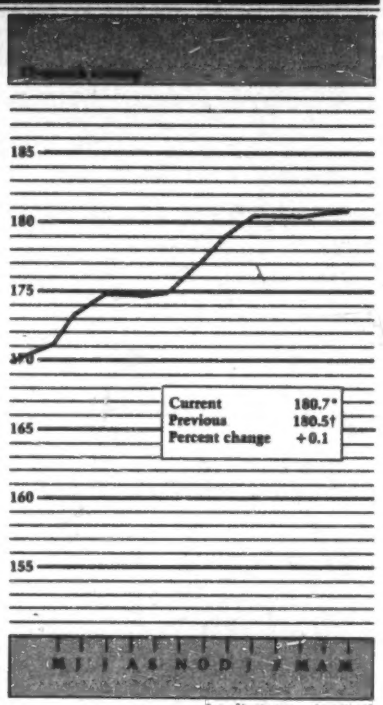
July 28, 1986 Volume 138 Number 2 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index





*preliminary †revised

No sign of a rebound. The Forbes Index, which has risen 0.7% since the beginning of the year, managed only a 0.1% increase during the latest reporting period. Manufacturing continues to be the weak spot.

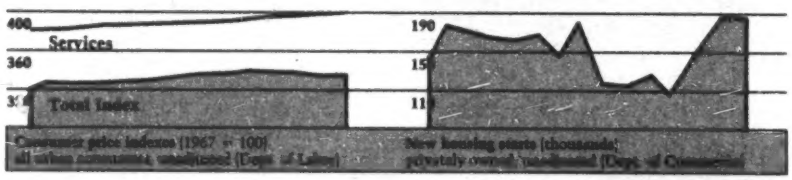
Even with a 0.3% decline in May inventory levels, for example, new orders for durable goods dropped 0.1%, the fourth consecutive month-to-month decline. In fact, new orders for durable goods stand only 33% higher than they did during the same time in 1982, the tail end of the last recession.

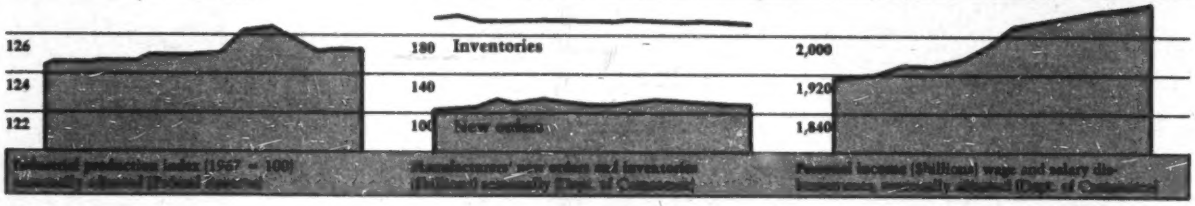
So what pushed the Index up? A 0.3% rise in the Consumer Price Index, the first month-to-month increase since January. Inflation, for now, is running at a modest 3.6% annual rate.

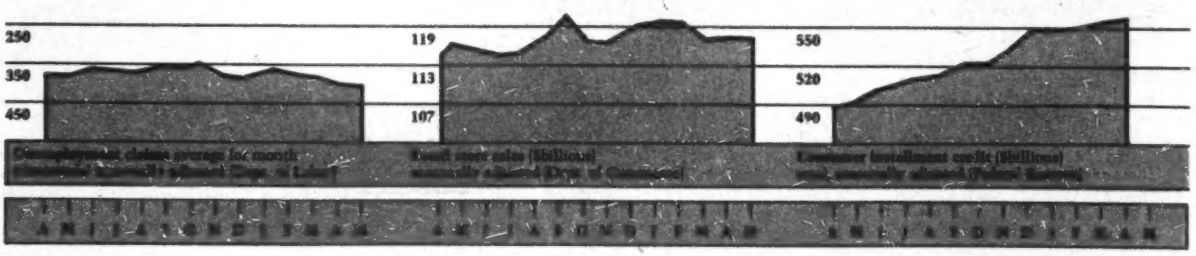
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, Forbes monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.







Rocky Mountain roulette

Beset by loan troubles, Colorado's five biggest independent banking firms have been left behind in 1986's runup in bank stocks. But if an interstate banking law passes next year in Colorado, as expected, these stocks could take off. United Banks of Colorado is one to watch.

Bank	Assets (millions)	Return on equity	Recent price	Price/ book value	Price/ est 1986 EPS
United Banks of Colo	$4,724	12%	32⅜	1.2	10.6
Colorado National	2,791	5	19	1.1	14.6
Affiliated Bankshares	2,528	5	15⅛	0.9	11.6
IntraWest Financial	1,146	5	14⅛	1.0	12.2
Commercial Bancorp	230	10	14¾	1.0	10.2

Assets and book value as of 3/31/86; return on equity for 12 months ending 3/31/86.

age for its three biggest independent competitors was 20%.

United shifted emphasis away from interest income to fee income earlier than others. The biggest gains came from United Capital Management, which runs some $3 billion in pension money for 33 customers. United has strengthened its profitable trust business. (Not all of United's ventures have succeeded. Forays into travel services, discount brokerage and international lending flopped.)

What now? Hart is preparing for his next major challenge: Colorado may soon join the majority of states by passing some type of regional interstate banking law early next year. For all the state's troubles, the long-term prospects are sufficiently bright that out-of-state banks will be happy to acquire their way into Colorado.

To meet the challenge, United plans to get bigger. President Charles Hazelrigg figures that to flourish as a strong regional competitor, United will have to reach "critical" size, roughly $10 billion in assets, twice the bank's current size. "To say that we can beat the big guys just because we're a homegrown Colorado bank is very naive," says Hart. "It doesn't work that way."

Where's the growth coming from? It's tough to make a buck today from big companies that have access to the commercial paper and junk bond markets. So United, like a lot of other banks, hopes to grow internally by concentrating on middle-market and retail customers. "That's the best way a regional bank can capitalize on its market position," says Hart. "You get cheaper core deposits, higher fees and more cross-selling opportunities."

To help get bigger, United has hit the acquisition trail. Last year the bank spent $45 million, 2.3 times book value, to buy $240 million (assets) Colorado Springs National Bank. It wanted to acquire Arizona's Continental Bank. But the deal—contingent on Colorado's passage of a regional bill—fell through when Chase Manhattan came in with a bid some $20 million higher than United planned to offer, at 2.8 times book.

You could fault Hart and company for not thinking big and trying to beat Chase's bid. But then again, you could have faulted them a half-decade ago for being too prudent in their lending policies. ■

Duane Hagadone has built himself a fancy resort hotel in the middle of nowhere. Why?

"I'm a dreamer"

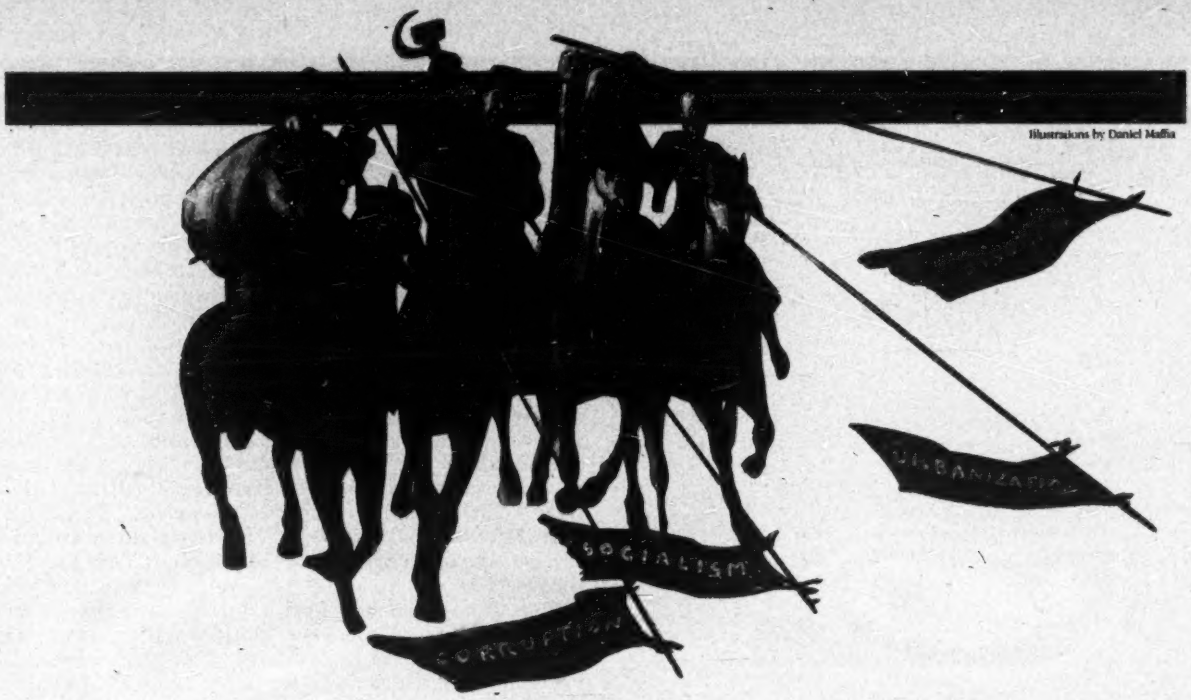
By Richard Behar

ON A RAINY SUNDAY in May a throng of 60,000 people—a crowd equal to half the population of the northern Idaho panhandle—descended upon the small lakeside community of Coeur d'Alene, and no one knew why better than Governor John Evans. Says he: "What Idaho needs is to clone Duane Hagadone 44 times and put one in each county."

Duane Hagadone is the largest private employer and taxpayer between Boise and the Canadian border. He owns all the major newspapers in the panhandle, the largest construction company and some of the state's most valuable real estate. The crowd had come to witness the opening of Hagadone's newest development project, a 340-room, 18-story resort complex called the Coeur d'Alene, by far the most lavishly appointed hotel in the Pacific Northwest. "I'm a dreamer," says Hagadone, "and I've always thought, 'What a fantastic location for a really classy hotel.' It's been on my mind for the last 15 years."

But, having accumulated a fortune that now pushes $100 million, Hagadone, at 53, faces his toughest challenge yet in making the Coeur d'Alene pay off. Having sunk more than $50 million, mostly leveraged, into it, Hagadone must contend with long and cold winters and lack of nearby tourist attractions and urban centers. There is a chance that Coeur d'Alene could become the biggest white elephant resort since William Zeckendorf's Freedomland 22 years ago.

But Hagadone didn't get where he is by shunning risks. A third-generation Coeur d'Alene resident who barely got through high school, Hagadone took charge of the family business—minority interests in four newspapers—at age 26. Besides those, he now owns more publications as well as a major radio station, several of the region's largest residential and commercial real estate projects and a chunk of



Illustrations by Daniel Maffia

Why have some countries gotten relatively rich while others sink deeper into poverty? History and culture have something to do with it, but rotten economic policies are the biggest villain.

The Four Horsemen ride again

By Norman Gall

In Buenos Aires hotel lobbies, Brazilian purchasing agents do deals to buy cheap, high-quality Argentinean leather to make shoes in Brazil and export them to the U.S. Why aren't the Argentineans, who badly need both the dollars and the jobs, using the good leather to make and export the shoes themselves? Because Argentina's economy is such a mess that it can no longer function in the world economy save as a producer of raw materials.

Argentina is not starving *(see box, p.102)*. Its people are much better off than hundreds of millions of others in Africa and Latin America whose very survival is threatened by lack of capital, shrinking exports and cities that grew too big for the economies they feed on.

The Four Horsemen of this particular Apocalypse are natives of the countries they afflict. They are socialism, excessive urbanization, corruption and civil disorder.

Who or what unleashed them? Flint-hearted bankers, determined to extract their pound of flesh? That myth has lost its power even for Third World politicians struggling to avoid blame for their own shortcomings. If the bankers are at fault, it is because their loans too often enabled governments to continue bad economic policies.

Capitalist imperialism to blame? If that were true, the Soviet-bloc developing countries would be better off than the noncommunist developing nations. The opposite is true: Pro-Western South Korea booms, while Marxist-Leninist-Maoist North Korea, in addition to being horribly repressive of human rights, is economically dreary and stagnant. Communist North Korea's per capita income is scarcely half that of capitalist South Korea's. Cuba exists solely on Soviet subsidies. Soviet-bloc developing countries stagnate under the heavy hand of totalitarian bureaucracies that repress human initiative.

By and large, even the poorest of the noncommunist developing nations fares far better than most of the Soviet-bloc developing nations. But why do the noncommunist Third World countries show such uneven development? Why are South Korea and Taiwan booming and Brazil developing fast while many other Latin American and African countries are running downhill? Because the suc-

cessful ones, like South Korea and Taiwan, have submitted to the discipline of free markets; where Taiwan and South Korea have intervened in the economy it has been to push private industry toward greater efficiency and an export orientation. The less successful developing countries have used state intervention to create useless jobs and for ideological reasons. Take Peru. As many as half of all Peru's salaried workers are employed by the government. This may help keep governments in power, but it drains rather than feeds the economy. Money that ought to go for job creation goes instead to maintain economically unproductive bureaucrats. People who could be making shoes or processing food are instead shuffling pieces of paper. Because so many developing countries have chosen the path of bureaucracy rather than of market discipline, the worldwide transformation in mortality—which has halved death rates in poor countries since 1950—is threatening to reverse. The blunt truth is that conditions in large parts of the world are deteriorating.

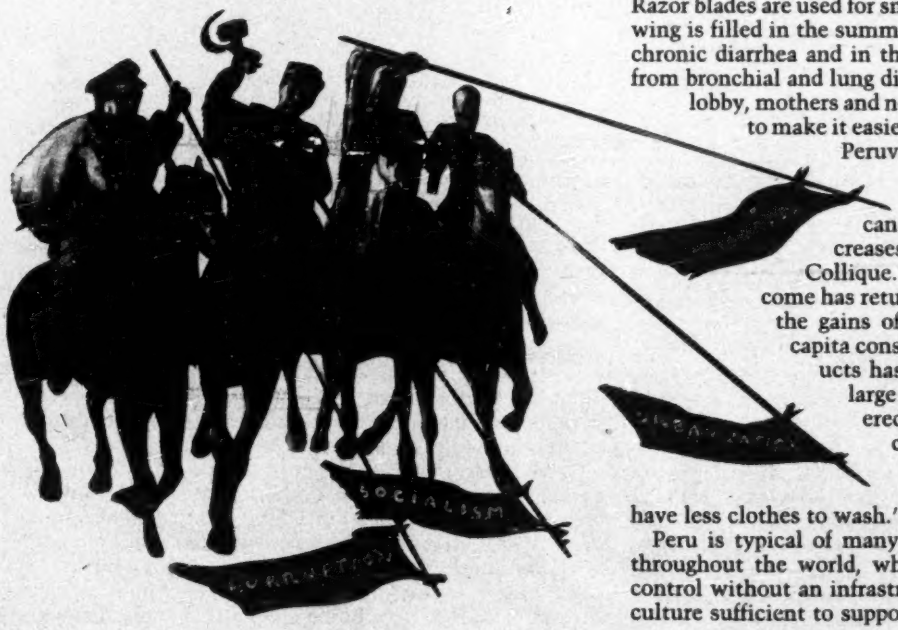
Never before in history have living standards risen so far as in the four decades since World War II. In many poor countries, people have been linked in new networks: roads, airports, telephones, electricity, radio, TV. But now much of this is crumbling.

According to the World Bank, features of modern society to which many Africans have been exposed are withering. Trucks no longer run because there are no spare parts and roads have become impassable; airplanes no longer land at night in some places because there is no electricity to light the runway. Even where foreign donations of food and medicines flow in, they become less and less useful as the internal distribution system deteriorates.

Trucks no longer run because there are no spare parts and roads have become impassable; airplanes no longer land at night in some places because there is no electricity to light the runway. Even where foreign donations of food and medicines flow in, they become less and less useful as the internal distribution system deteriorates.

In Africa and Latin America, governments built impressive hospitals in the big cities that fed the job boom in the health care industries. But local currency can only pay salaries. Fast dwindling is the foreign exchange needed to buy medicines and instruments.

Visit the big hospital in the squatter settlement of Collique, on the outskirts of Lima. It lacks X-ray plates, thread for suturing, serum tubes and injection needles. Razor blades are used for small surgeries. The new 150-bed wing is filled in the summer with children dehydrated by chronic diarrhea and in the winter with others suffering from bronchial and lung diseases. At a police office in the lobby, mothers and newborn babies are fingerprinted to make it easier to identify abandoned infants. Peruvian mothers abandon their babies today because the country's economy no longer can sustain further population increases in squatter communities like Collique. Peruvian real per capita income has returned to 1965 levels, wiping out the gains of two decades. Since 1975 per capita consumption of wheat and fat products has fallen sharply, even though a large part of Peruvian demand is covered by foreign donations and concessionary sales. A soapmaker says sales of his products also are falling because "people have less clothes to wash."



Peru is typical of many overpopulated poor countries throughout the world, where cities are swelling out of control without an infrastructure, an industry or an agriculture sufficient to support them. In sub-Saharan Africa

urban populations are growing by 6% yearly, one of the fastest rates at any time or place in history. Cities like Lagos and Nairobi and Kinshasa have absorbed modern technologies of consumption much faster than the technologies of production.

How do the uprooted rurals survive in the cities? In Peru's Collique, the only productive activity in sight is people building more shacks. Outside the shrinking world of the formally employed, there has been a swarming of street-sellers. Youths eke out a living by stealing sewer caps and selling them as scrap iron, or by roving in bands at night, carrying empty flour sacks from U.S. Food for Peace donations, to steal the crops from the small truck farms at the edge of Lima, just beyond the squatter settlements. It is no different in many other Latin American and African cities.

Having become much more efficient at absorption than they are at production and distribution, the Third World cities grow not only because of high birth rates but because—thanks to modern transportation—they are easier to reach today, and because they provide access to cheap goods and services (from schools and hospitals to foreign food donations) that cannot be had in a stagnant and forgotten countryside.

Mexico City's population has grown in this century from 344,000 to 18 million, pushing Tokyo-Yokohama to become the world's biggest metropolis.

In 1950 all but four of the world's ten biggest cities were in the richer countries. Today all but two are in less-developed countries.

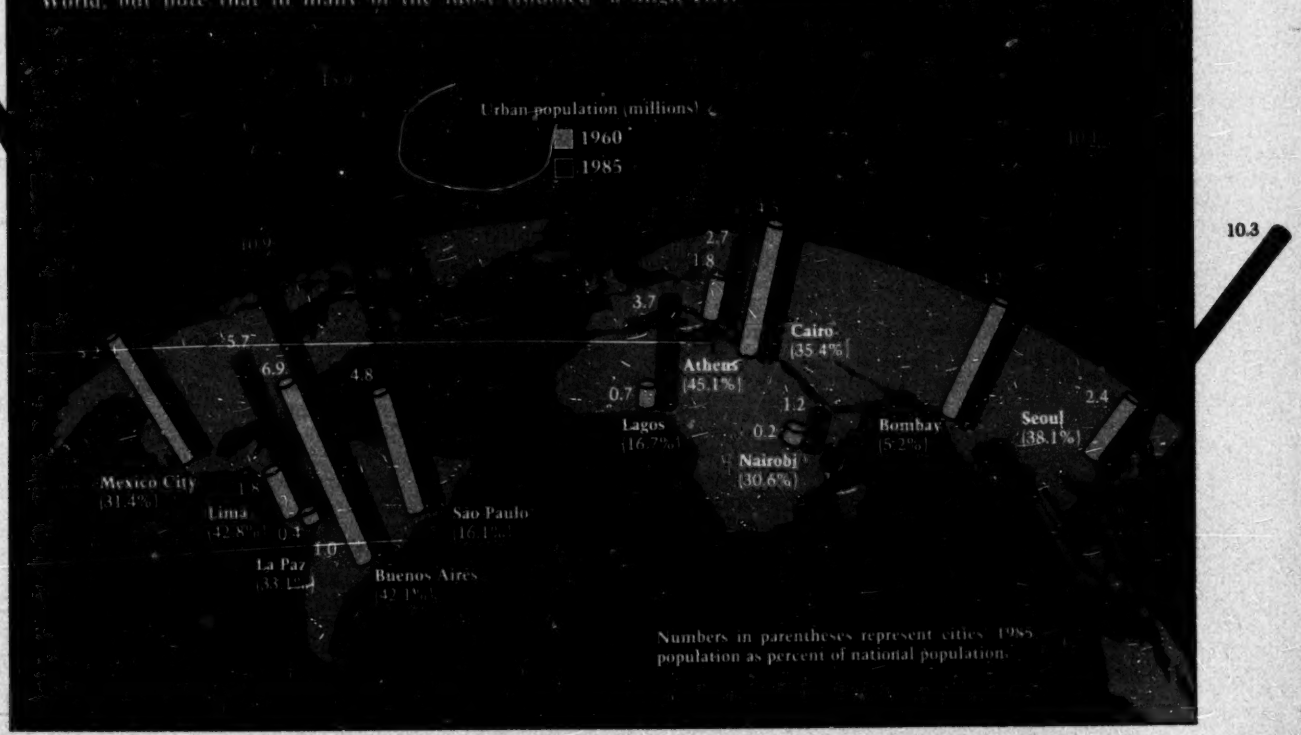
In 1907 Nairobi, now the capital of Kenya, then the capital of British East Africa, had only 4,737 inhabitants. It was a mere outpost. By 1950 the population grew to 130,000, and it is 1.2 million today. But there is insufficient industry to support the city. It lives off hinterland agriculture and foreign loans and charity.

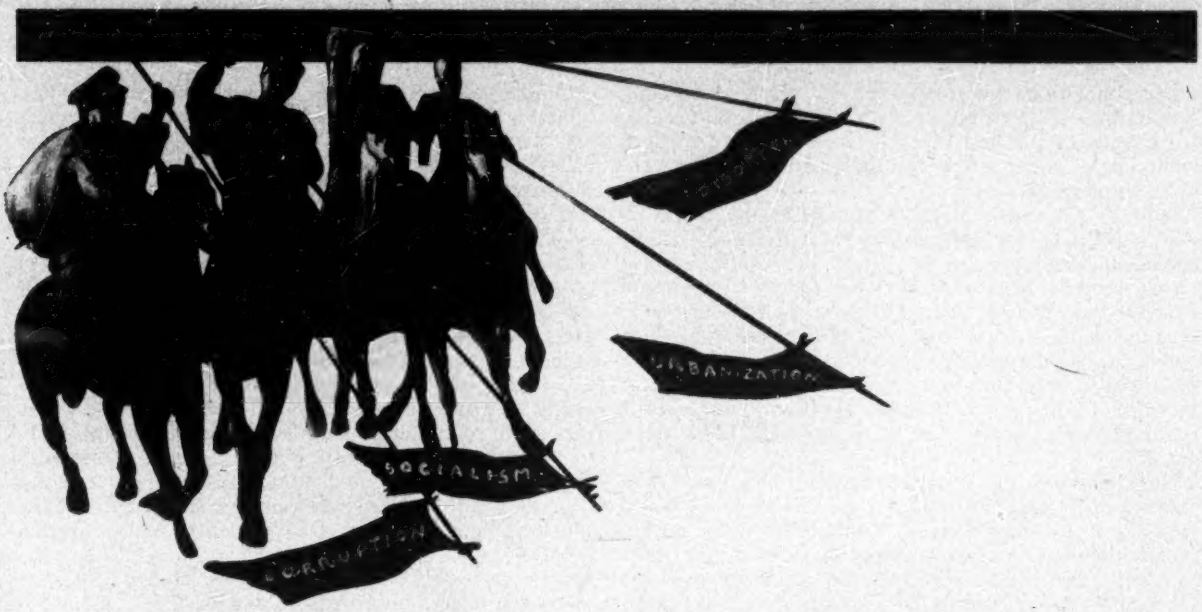
Jeffrey Sachs, an economics professor at Harvard, suggests that one of the reasons for the big differences in economic performance between Asian and Latin American countries is that Asia is much less urbanized. Among the most economically successful countries in Asia have been ones like Malaysia—with 38% of its people in towns and cities—whose economy grew by an average of 7% yearly over the past two decades, or Thailand—20% urban—with economic growth at 7% since 1965. The countries in deepest trouble have from one-fourth to one-third of their populations piled into a single city like Santo Domingo, Mexico City, Santiago or Buenos Aires. (By contrast, Brazil has ten cities of more than 1 million people.)

These miserably poor cities, unproductive in nearly every sense, drain resources needed for development and goods that could otherwise be exported. They require sewers and roads and water supplies and clinics, but produce nothing to pay for these amenities. Lower urbanization levels in Asia made it possible for Asian countries to achieve much higher levels of capital formation than Latin America. In 1982 gross domestic fixed investment averaged 25% of GDP in five Asian nations (China, India, Indonesia, Korea, Taiwan)—more than doubling since

Twenty-five years of hyper urbanization

Urbanization is not the only plague besieging the Third World, but note that in many of the most troubled countries over one-third of the total population lives in a single city.





"You have to have an exporting mentality, seeking opportunities and designing for foreign markets. You must have an exchange rate that makes it possible to export profitably, not a historically overvalued currency that protects inefficiency and unproductive concentrations of people in the cities," says an Argentinean trade expert.

1950—while investment in Latin America went down, from 23% to 20%.

Why are some Third World countries raising themselves by their bootstraps, as Brazil and South Korea, say, are doing, while others, like Nigeria and Mexico, sink daily lower? Why are the sprawling cities of Seoul and Taipei economic assets, while Mexico City and Lagos are dumps of human misery? Why is Argentina productive only in such raw materials as beef and hides, while South Korea produces 256K RAM chips?

"You have to have an exporting mentality," says Elvio Baldinelli, a Buenos Aires trade expert. Here he puts his finger on the policy differences that seem to separate the rising Third World countries from the falling ones.

Says Baldinelli: "You have to seek opportunities and design your shoes for foreign markets. You must have an exchange rate that makes it possible to export profitably, not a historically overvalued currency that protects inefficiency and unproductive concentrations of people in the cities. Argentina despised its export industries and taxed them very heavily, yet lived off them very well until markets closed and prices fell." You can sum up Baldinelli's explanation in a sentence: To succeed in the modern world, a country needs economic policies that encourage, not hamper, economic initiative. You must submit your economy to the disciplines of the marketplace. This is politically difficult but economically essential.

"In the big hotels of Seoul and Taipei, the lobbies are full of U.S. purchasing agents bringing samples of parts and finished products to order cheap copies from Korean or Taiwanese manufacturers," says Frank Veneroso, an international financial consultant. Few purchasing agents haunt hotel lobbies in Nairobi or Lagos or Lima.

In Africa and Latin America, governments consistently have hurt exporters by overvaluing exchange rates to protect and enlarge the consumption levels of the people in the cities.

Here's how the bad policies worked in the glaring case of Mexico:

On the eve of its 1982 debt crisis, the Mexican government was holding the peso at a greatly overvalued rate—29 to the dollar—thus keeping imports of food and other consumption items relatively cheap but so seriously penalizing Mexican exports that almost nothing but oil was exportable. The dollar was so artificially cheap that wealthy and middle-class Mexicans happily changed pesos into dollars, which ended up back in the U.S., but in private Mexican names. Now Mexico can't pay its debts.

In Mexico and throughout much of Latin America, people foolish enough to save have been robbed systematically. Anyone foolish enough to leave $1,000 (U.S.) worth of Peruvian currency in a Peruvian savings account since 1970 would have had only $150 left by June 1985. The situation in Mexico was worse in some ways. To encourage Mexicans to keep dollar assets at home, the government permitted them to maintain dollar deposits in Mexican banks. But when the peso collapsed, the government repudiated the dollar deposits, settling them in pesos at a substantial loss to depositors. It will be another generation before Mexicans will trust their own government again.

While small savers were frequently penalized, insiders were raking it in. Private and government banks lent money to business partners and political insiders at negative rates. Banks usually lost lots of money from bad loans and from lending at below-inflation interest but were bailed out by the government printing press. Says a former Peruvian Economics Ministry official: "Industrial profits

were spectacular during the 1970s, with abundant government credit for industry at negative interest. If you owned a factory, you could buy dollars from the government at special cheap rates to import machinery, parts and materials. You could then move the cheap dollars out of the country by overbilling machinery imports by 200% or 300%. We know of imported factories that produced fortunes for their owners without the machinery ever being taken out of the crates. They're still in warehouses waiting to be assembled." So much for state subsidies.

In South Korea the state also was deeply involved in development efforts. Its government bankrolled new industries with cheap credit. But, unlike Mexico and Peru, it always had its eye on prices and standards of the world economy. It did not try to insulate its own economy from the marketplace.

As a Japanese colony until after World War II, Korea developed a strong educational system and valuable commercial experience as part of the prewar Japanese export machine. So when Korea started developing on its own, it had the skills to do better than the Mexicans and Peruvians. It's not only what you do but how you do it.

Governments always have promoted economic development. They did it in ancient China and 18th-century Germany and prewar Japan. After World War II, they were deeply involved in development efforts throughout the Third World. The efforts that succeeded were those showing the greatest sensitivity to market forces.

Take Brazil, one of the most successful of the developing countries. Although its industries were protected from foreign competition, they had to keep prices low in markets of low-income people. This cost discipline, together with government export subsidies, enabled Brazil to raise manufactured exports by roughly 30% yearly from 1970 to 1982, about as fast as Korea and Taiwan. Last year Brazil exported $3.2 billion in cars, trucks and parts, enough to cover nearly 30% of the $10.4 billion in interest paid on its huge foreign debt.

On the other hand, African governments have done so badly that few people today remember that Africa once showed quite remarkable economic progress. In Ghana in the 1890s there were no roads, and only 3,000 children were in school. Goods were carried along jungle paths on the backs of porters. By the time Ghana gained independence, in 1957, the British had built a network of railways and roads, and more than half a million children were in school. Ghana's cocoa exports rose from 1,000 tons in 1900 to 300,000 tons in 1950. Nigeria's exports of palm kernels went from 52,000 tons in 1900 to 347,000 tons in 1951. Back-country towns that had been slave markets became centers of the groundnut trade by the 1930s. Trade in these commodities was largely in the hands of highly competitive small merchants and farmers.

And then came independence. Independence was not the problem. The chosen economic policies were the problem. Ghana adopted bastard socialism, bred first by British socialists and then expanded by African nationalists. The British started the trouble with government monopoly of export of all major crops, licensing of commercial activities, and state enterprises that used subsidies to spawn big bureaucracies that paid below-market prices to peasant farmers. Farmers stopped producing and started moving to the cities. As independence neared, Ghana's Cocoa Marketing Board became the cash cow for the political ambitions of Kwame Nkrumah, Ghana's first president. Since the mid-1960s, Ghana's cocoa production has fallen by half while its urban population has tripled.

Swelling with pride that they were no longer in thrall to foreigners, many countries ignored the fact that they were cutting the arteries that bound them economically to the rest of the world; they were seceding from the world economy. Most of the state companies that took over from foreigners were geared to one or a few traditional product lines—tin, copper, oil. This drastically reduced the capacity of many countries to respond to changes in the outside world. Each state enterprise has a vested interest in its own product. Conditions change—the U.S. now uses 30% less metal per unit of production than it used a decade ago—but the metal-producing nations missed the signals because the economic sensors were cut. They went on producing senselessly, just as the squabbling members of OPEC are doing in oil today.

"Until 30 or 40 years ago, foreign businessmen influenced decisively the orientation of Latin American economies," explains a senior World Bank economist. "This insured a reasonable consistency between what was being produced and what was being demanded by world markets. Then governments took the place of foreigners. They created many production bureaucracies in state corporations that were created when private investors were nationalized in extractive industries like mining and oil."

Why not shut down copper mines or tin mines until supply catches up with demand? Why give the stuff away? Because these countries need foreign exchange earnings at almost any cost, and because workers at these nationalized industries need their jobs for survival in a shrinking economy. There is no longer a market-clearing mechanism at work to align production with levels of consumption. Instead, enormous amounts of resources and credit-creation are employed wastefully to sustain and expand excess capacity.

In declaring last year that his country could no longer fully service its foreign debt, Peruvian President Alan García paid ritual obeisance to anti-gringo myths, but then spoke bluntly to his country: "If we must denounce the unjust origins of the debt, we also must accept that as a people we have not had sufficient strength or courage to change the direction of our history." The real problem—as García well knows—is that fewer than 10% of the public-sector loans to Peru in 1970-85 were invested productively. Much of the rest went for food imports and for buying French Mirage fighter planes and Soviet military hardware. In 1983-85 foreign loans provided one-third of total government spending.

As the foreign loans dry up, too few new exports arise to replace the foreign exchange that loans once provided. In Africa, governments make desperate pacts with the IMF for spending cuts and currency devaluations to improve the official balance of payments and to get a little more loan money to ward off financial collapse.

But human needs and human aspirations thwart these belated attempts at discipline. According to an article in London-based *South Magazine*, which focuses on developing countries, Nigeria is the source of contraband oil bound for Europe, as well as of textiles, detergents, spare parts and tape recorders smuggled into the back country of Togo, Benin, Ghana, Niger, Chad and Cameroon. About a fifth of Ghana's cocoa crop is smuggled out of the country in 30-kilo sacks carried through the bush on the backs of young men to the ports of the Ivory Coast and Togo. The young men carry back to the bush TVs and stereo sets, building materials, perfumes, watches and jewelry. These

Paying the piper

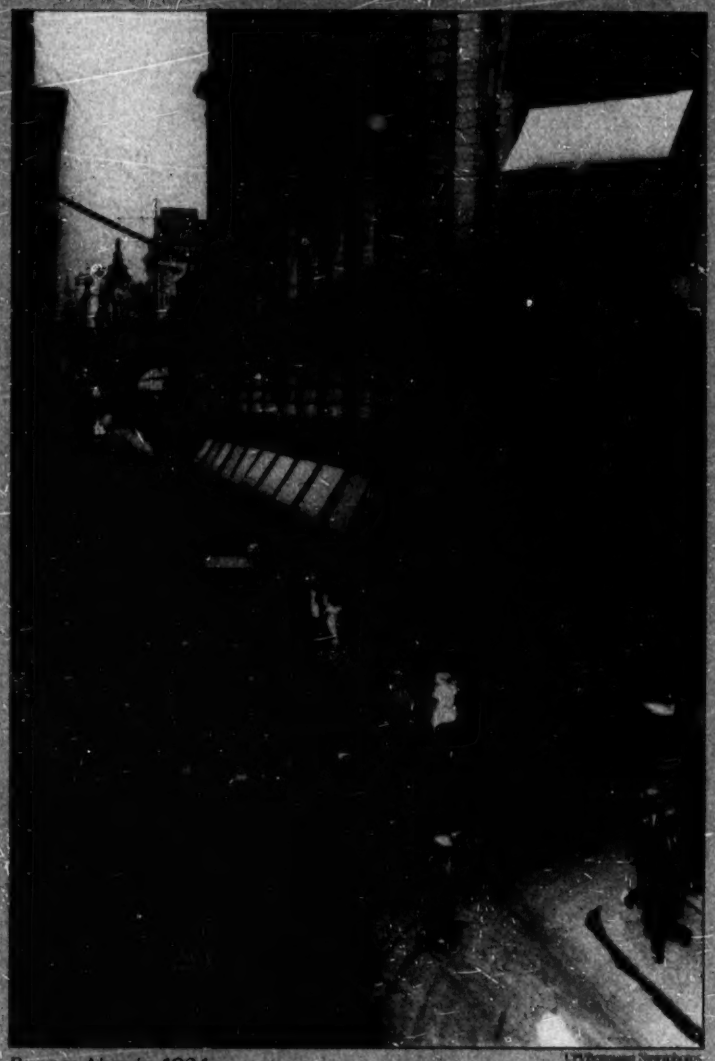
The U.S. is a debtor country now, in that it owes more abroad than it owns abroad. Despite the sharp decline in the dollar versus the yen and deutsche mark, our balance of payments is hemorrhaging. Pessimists see an alarming parallel with the circumstances that reduced Argentina from a rich country to a threadbare one.

The Argentinean paradox: a country that has everything yet has nothing. Argentina was once rich. Its great bonanza, in the decades before 1914, came from the swelling European demand for imported foodstuffs and the development of cheap ocean transport. Grain and beef exports boomed. Hourly pay rates in Buenos Aires, flooded by European immigrants, were 25% higher than in Paris and 80% higher than in Marseilles.

In the half-century before 1914, Argentina's economy grew by roughly 5% yearly, one of the highest long-term growth rates in economic history. Foreign financing was abundant, and British investors were fond of saying that a million pounds invested in Argentinean railroads would bring forth more salable commodities than the same money placed anywhere else in the world.

The Argentineans really lived it up. In French farce at the turn of the century, the rich Argentinean rancher played much the same buffoon role of vulgar display that the Texas oilman was to play later.

The U.S. boomed around the same time as Argentina did, and Americans reinvested heavily in steel mills, in railroads, in textile plants. While Americans saved and invested productively, Argentineans spent. Almost overnight Buenos Aires became one of the world's biggest and most beautiful cities. Was capital needed for all this? The rest of the world was happy to provide both loans and equity capital.



Buenos Aires in 1924
Argentinean habits of overconsumption did not change.

The tide began to turn in the 1920s. Europe began its long march toward self-sufficiency in food, and finally the Common Market's agricultural subsidies drove Argentina to the sidelines of the beef trade and made it a residual grain supplier.

During the good years the Argentineans never developed the habits of enterprise. In 1962 the manufactured exports of both Brazil and Argentina were a pittance: $39 million. Today Brazil's are four times greater than Argentina's. At present, net investment is zero in Argentina. Since 1979 per capita income has fallen by 16%, returning to the level of 1966.

When it could no longer subsidize the high-living cities with farm exports, Argentina borrowed the money. For Argentina, the convenience of depending on foreign financing lasted until the early 1980s. Today Argentina owes $50 billion to foreign creditors. The foreigners now lend Argentina only enough to make interest payments.

The glamour of Buenos Aires is wearing shabby. The well-kept subway lines still use the wooden cars installed by the French in 1904. By the early 1980s Argentinean wages were down to Korean levels (or, rather, Korean levels were up to Argentina's levels). Even with low food prices, 17% of the Argentinean people now are living on government food doles.

Draw your own moral.—N.G.

exchanges build on both ancient intertribal trade and the extensive systems, involving many African intermediaries, commanded in colonial times from the ports by European and Arab import-export firms.

Peru's overvalued exchange rate today is wiping out the country's role as a major minerals exporter. Meanwhile, it survives in the world economy by smuggling coca paste to the cocaine trade, which brings in more foreign exchange than petroleum, its biggest official export.

In Bolivia, the bulk smuggling trade extends to a wide range of products: tin concentrates stolen from nationalized mines, coca paste from the jungle valleys of the Chapare, gasoline, alpaca wools and foreign food donations. Most passengers on Bolivia's creaking railroads are the *hormiga* ("ant") smugglers carrying bundles from the border towns of Peru, Argentina, Chile and Brazil.

Maybe the saddest thing of all is this: While the contraband trade is surprisingly efficient in providing consumer goods (especially if it circulates part of the proceeds from export smuggling of high-value products like coca paste or gold or diamonds), it does poorly in supplying technology and capital goods needed to keep the modern sector of a country's economy running. Dope and smuggling help keep stomachs filled but don't help with the long-term problem of jobs and production.

In this threatening climate, with the Four Horsemen threatening to ride down the helpless masses of so many countries, there's lots of talk in the media about corruption. But what is corruption? It is a market of favors, usually official favors. The more government control, the more government dominance of the economy, the greater the opportunity for and demand for the buying and selling of official papers. (With a totally government-dominated economy, the Soviet Union looks to many observers as the most corrupt society in the world.) In places where people can't live from production, they live by granting and receiving favors. Most Third World corruption is not a mark of national character but a by-product of poverty and socialism. The challenge is to make the market for production more important than the market for favors.

What are the chances for reversing the policies that have impoverished so much of the world? For both rich and poor countries, two important developments have taken place recently to begin correcting these distortions.

First, governments are finding it harder to subsidize uneconomic capacity. This difficulty is behind such events as last fall's collapse of the London tin market and this year's breakup and privatization of the moneylosing Japanese National Railways.

Second, rich and poor governments are adjusting their currency exchange rates. The outstanding example is the depreciation of the dollar since last September. But even more dramatic are the efforts of the poorest nations of sub-Saharan Africa to arrest their economic decline with radical devaluations prescribed by the IMF and the World Bank. In late 1985 Zambia started auctioning the foreign exchange needed for most trade transactions. Within three weeks, the value of the kwacha fell by two-thirds. In Zaire the effective exchange rate fell by 75% after the zaire was floated. Guinea, Ghana, Gambia, Madagascar and Mauritania are pursuing similar schemes.

These devaluations, imposing sacrifices on long-favored city populations, often are accompanied by increases in producer prices to farmers aimed at generating more exports and more self-sufficiency in food.

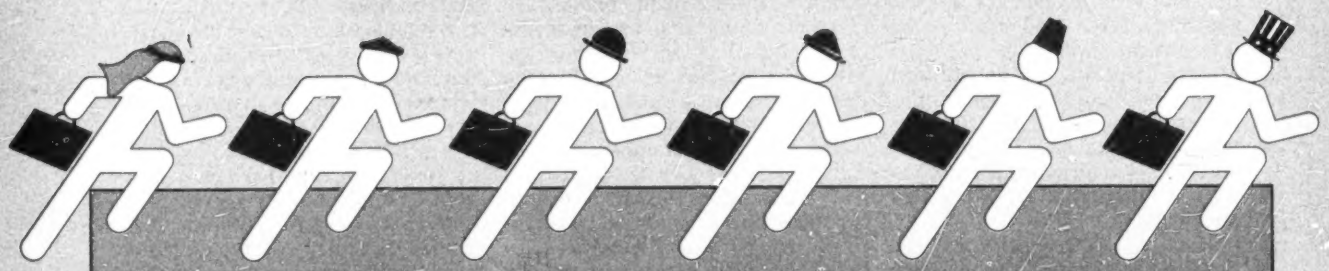
These new policies, while essential, will be hard to carry out. Once granted, economic goodies are hard to take back. Democratic or autocratic, socialistic or capitalistic, governments cannot redistribute wealth that doesn't exist.

What can the richer countries do? They can back the brave efforts of those developing countries that take the hard necessary steps. But the capital these countries need cannot be bestowed as a gift or created by political edict. It can be raised in only two ways: by less consumption at home, and with policies that attract foreign investment. This, unfortunately, means even lower standards of living—but that is happening anyhow. The slide can be stopped only with firm political determination. Without it, there is little the richer countries can do to help save the poor countries from the Four Horsemen. ■

"If we must denounce the unjust origins of the debt, we also must accept that as a people we have not had sufficient strength or courage to change the future," admits Peru's President Alan García. The real problem—as García well knows—is that fewer than 10% of the public-sector loans to Peru in 1970-85 were invested productively.

Spotlight on international business

THE FORBES FOREIGN RANKINGS



Gaping trade deficits. Gyrating currencies. Foreign stock markets that climb 80% and more inside of six months. The need to keep a clear head and know what's going on outside our borders has never been greater.

On the following 35 pages, FORBES presents a comprehensive picture of the scope and scale of global business today. We open, on page 172, with a list of the 100 cheapest stocks outside the U.S. Despite the sharp rise in many markets, there are still plenty of opportunities for global investors.

Then, on page 176, is our list of the 500 largest foreign companies—The Forbes Foreign 500, with $3.19 trillion in revenues among them, up from $3.07 trillion in 1984. Note that The Foreign 500 companies' sales last year exceeded those of the largest U.S. companies—The Forbes Sales 500—by 20%. Note, too, that the presentation of The Foreign 500 has been completely changed. We hope you find it more useful than ever.

We continue, on page 200, with the largest foreign investors in the U.S. and a survey of how these investments are doing. Following that, on page 207, is our analysis of the 100 largest U.S. multinationals, the real pros in foreign markets.

Finally, starting on page 212, we present 100 foreign stocks that are widely traded in the U.S. Something for all readers as the world economy grows ever more interdependent.

The 100 cheapest foreign stocks

NEVER BEFORE HAVE so many American investors put so much money—an estimated $4 billion last year—into other countries' equity markets. The trickle of foreign funds (Japan Fund in 1962, Mexico Fund in 1981, Korea Fund in 1984) has become a deluge. In this year alone funds were launched for Italy, France, Germany, Australia and Scandinavia. Long content with 5,800 exchange-listed stocks and thousands more issues available over-the-counter, U.S. investors now want to scour the rest of the world for opportunity.

Is the supply of information and quality of securities research up to the task? Probably not. But it is getting much better, and fast. It took a leap forward early this year when Morgan Stanley & Co. bought from the Capital Group, the Los Angeles money management firm, the publication, the database and the market indexes of hitherto little-known Capital International Perspective, of Geneva.

Morgan Stanley Capital International Perspective, as the service is now called, is a global investor's dream. The service currently follows over 1,700 companies, 462 of which are U.S. companies. This universe has a combined market capitalization of $3.8 trillion—one-third more than the capitalization of the Wilshire index of more than 5,800 U.S. securities. Overall, Capital International Perspective covers stocks in 19 countries that together account for approximately 75% of the world's market values.

Most important, MSCIP attempts to measure all these companies, industries and markets against a uniform value system. MSCIP's standards of value: price-to-earnings, price-to-book-value, price-to-cash-flow and yield. MSCIP publishes this invaluable information every month.

Suppose you want to know the world's lowest- and highest-P/E markets. Rather than use the indexes published by local authorities, MSCIP calculates its own indexes for the 19 countries it follows. This allows investors to compare one stock market with another on the same basis. According to MSCIP's July publication, the Mexican market was cheapest, at 4.5 times earnings, while the tiny Austrian market was most expensive, at 58.5 times earnings.

The U.S. market? Despite the big rally, it is right in the middle of the pack *(see chart, below)*.

Which industry group is cheapest in relation to its component companies' book values? Oilfield equipment and services, selling at 87% of book. What industries yield the most? Gold mines (9%) and telecommunications (4.9%).

And likewise for individual companies. In the automobile sector (as of May 30), Volkswagen was selling for 7 times earnings, Mazda for 9.4 times, Nissan Motor for 14.4 times.

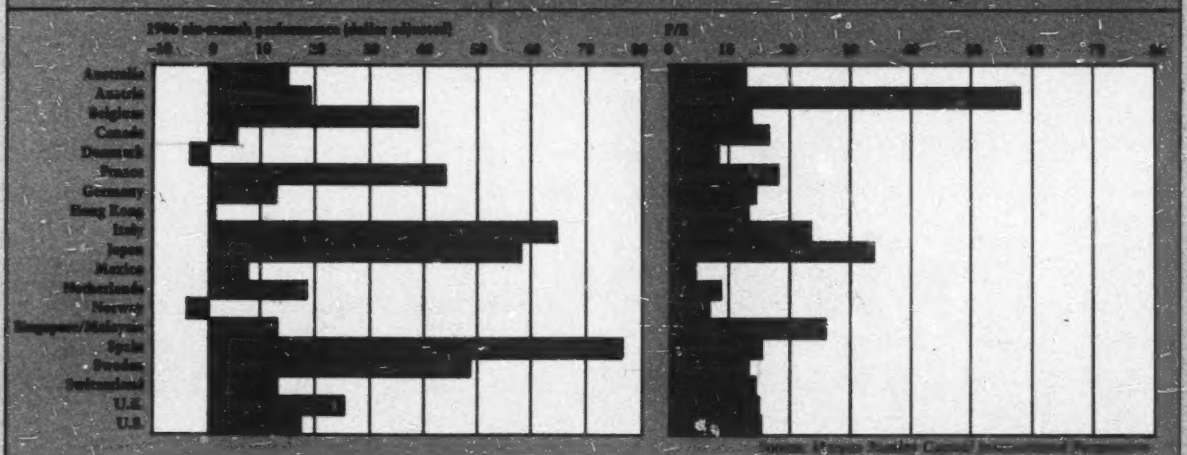
According to Morgan Stanley's Mark H. Sladkus, who runs MSCIP, his firm intends to spend millions to enhance the research and add new companies and services.

Using MSCIP's data, we have put together the following list of the 100 cheapest stocks outside the U.S. Our basic criterion for cheapness is the price-to-earnings ratio. But note that these stocks are cheap relative to their own markets. That is, we selected stocks whose most recent P/Es were no more than 60% of the P/E for their particular markets. Example: MSCIP's market P/E for Canada (as of May 30) was 16.4. The 11 Canadian stocks in the following table sell at no more than 9.8 times earnings, 60% of the market multiple.

We then introduced two more screens. Stocks with market capitalizations under $100 million were

The world view

With a 17.7% first-half gain, U.S. stocks were only average performers among the 19 countries covered by the Morgan Stanley Capital International Perspective. Seven nations' stocks also have higher P/Es.



The 100 cheapest foreign stocks

excluded, on the grounds that such companies are probably too illiquid and information on them too difficult to get (always dangers for international investors). We also eliminated companies selling for more than 3 times book value, as an extra value cushion. Stock prices are as of May 30 and are converted into U.S. dollars at rates prevailing on that date. Market capitalization, however, reflects year-end 1985 prices and shares outstanding; capitalization was converted to dollars at year-end exchange rates.

What survived our screen? A cross section of the world's wealth and misery, its hopes and fears.

The first four stocks on the list appear incredibly cheap, and with reason: They are risky South African gold mining shares. The cheapest stock, Buffelsfontein, sells at only 1.5 times last year's earnings and yields 22%. Western Areas, number two on our list, sells for 2.3 times earnings, at 43% of book, and yields 4.7%.

South Africa too risky for you? Our list includes 37 Japanese companies. Growing protectionist sentiment in foreign markets and declining margins in formerly hot items like VCRs and compact disk players have turned off many Japanese investors on some former stars. Some of the Japanese stocks on our list—Nisshin Steel and Chugoku Electric Power, for example—are virtually unknown to most American investors. But there are several household names as well. Sony, Mazda, Hitachi, Toyota Motor—all sell for less than 60% of MSCIP's Japanese market P/E of 32.1.

Speaking of Toyota: Note that it sells at a P/E of 10, vs. 6.6 for General Motors. So is Toyota more expensive than GM? Only if you think the Japanese market as a whole is too expensive. Toyota sells at 32% of the Japanese market P/E, whereas General Motors sells at 45% of MSCIP's P/E (14.8) for U.S. stocks.

Is buying low-P/E stocks the way to invest overseas, if invest overseas you must? Frankly, we don't know the answer to that question. FORBES columnist David Dreman has studied U.S. stocks and argues convincingly that over time low-P/E stocks offer the best risk-adjusted rewards. Unfortunately, we are not aware of similar studies made on foreign stocks. Come to think of it, the following list is not a bad place to start. Any finance Ph.D. students out there looking for a dissertation topic?

Company	Country	Industry	Stock price recent	Stock price % change since 1/1/86	P/E	Price/ cash flow	Price/ book value	Yield	Market value* (millions)
Buffelsfontein	South Africa	gold mining	$18.16	-19.9%	1.5	NA	0.43	22.0%	$249
Western Areas	South Africa	gold mining	2.33	-7.9	2.3	NA	0.43	4.7	102
Harmony	South Africa	gold mining	7.57	-24.6	2.3	NA	0.88	14.9	238
Randfontein Estates	South Africa	gold mining	64.90	-4.5	2.5	NA	0.88	9.8	415
Den Danske Bank Af 1871	Denmark	banking	37.48	-16.1	2.6	NA	0.66	4.7	625
Vitro	Mexico	misc materials	4.47	36.4	2.6	1.7	0.31	2.2	187
Tricentrol	UK	oil & gas	0.89	-60.8	2.7	0.9E	0.34	11.9	205
Copenhagen Handelsbank	Denmark	banking	31.78	-21.8	2.8	NA	0.57	5.5	608
Saint-Helena	South Africa	gold mining	11.06	1.2	2.9	NA	1.10	17.3	105
Orange Free State	South Africa	gold mining	51.78	NA	2.9	NA	0.76	9.0	611†
Free State Cons (Steyn)	South Africa	gold mining	8.20	3.5	3.2	NA	0.83	13.5	1,301†
Danske Provinsbanken	Denmark	banking	37.48	-22.4	3.3	NA	0.94	4.7	266
Nedlloyd	Netherlands	shipping	62.45	-22.3	4.0	0.9	0.25	8.6	262
Eastern Asia Navigation	Hong Kong	shipping	0.18	19.2	4.2	NA	1.0	7.0	256
Lasmo	UK	oil & gas	1.70	-52.7	4.4	1.2	0.50	15.0	429
Britoil	UK	oil & gas	2.58	-15.9	4.7	2.1	1.46	10.5	1,509
Imetal	France	nonferrous metals	10.24	-1.6	5.1	1.2E	0.27	0.0	120
Bridge Oil	Australia	oil & gas	0.64	-59.1	5.5	3.5	0.69	0.0	233
Privatbanken	Denmark	banking	31.08	-21.2	5.5	NA	0.64	5.6	399
Banco de Vizcaya	Spain	banking	43.93	119.6	5.9	NA	1.66	3.5	476

*Dec. 31, 1985. †March 31, 1986. E: Estimate. NA: Not available or not applicable.

Source: Morgan Stanley Capital International Perspective.

The 100 cheapest foreign stocks

Company	Country	Industry	Stock price recent	Stock price % change since 1/1/86	P/E	Price/ cash flow	Price/ book value	Yield	Market value* (millions)
Société Nti Elf Aquitaine	France	oil & gas	$42.02	54.4%	5.9	2.5E	0.72	6.5%	$2,667
Lloyds Bank	UK	banking	8.22	13.9	6.0	NA	0.86	5.4	2,508
Ampol Exploration	Australia	oil & gas	1.43	–18.4	6.1	5.1	1.12	—	157
Ntl Westminster Bank	UK	banking	11.21	9.8	6.2	NA	0.92	5.3	3,587
Canadian Imp Bk Commerce	Canada	banking	13.41	–13.5	6.5	NA	0.74	5.8	1,509
Bayer AG	Germany	chemicals	129.06	11.8	6.7	4.8	1.62	5.2	5,733
Santos	Australia	oil & gas	2.89	–23.6	6.7	4.4	2.09	4.9	867
Denison Mines	Canada	oil & gas	4.99	–55.3	6.8	1.6E	1.75	—	449
Husky Oil	Canada	oil & gas	5.80	–23.8	6.9	3.0	0.75	2.5	706
Queensland Coal Trust	Australia	oil & gas	1.14	12.7	6.9	5.6	1.93	14.7	451
National Australia Bank	Australia	banking	4.40	38.7	6.9	NA	1.04	4.6	1,040
Total Petroleum	Canada	oil & gas	20.12	28.3	7.0	3.3E	1.80	1.8	339
Volkswagen	Germany	automotive	242.63	14.5	7.0	2.6	1.97	2.8	4,737
ANZ Group Holdings	Australia	banking	4.07	29.5	7.0	NA	0.95	5.4	1,014
Norcen Energy Res (Voting)	Canada	oil & gas	9.97	–17.3	7.1	3.9E	1.13	3.6	654
Makita Electric	Japan	electrical equip	6.77	19.2	7.1	6.0E	1.34	1.5	568
Preussag	Germany	multicompany	80.45	–26.7	7.1	2.6	1.64	6.7	829
Coal & Allied Industries	Australia	oil & gas	2.93	–18.0	7.2	3.7	0.98	3.4	108
Honda Motor	Japan	automotive	6.71	–2.5	7.2	4.3E	1.37	1.0	5,369
Westpac	Australia	banking	3.83	18.6	7.2	NA	1.21	5.2	1,558
Royal Bank of Canada	Canada	banking	23.02	–8.3	7.3	NA	0.99	6.3	2,462
Schroders	UK	financial services	10.15	18.3	7.4	NA	1.26	2.2	263
Bank of Nova Scotia	Canada	banking	10.79	4.4	7.6	NA	1.08	4.6	1,513
Total Cie Fr des Pétroles	France	oil & gas	49.99	28.0	7.7	1.4E	0.46	8.1	1,178
Barclays	UK	banking	7.40	5.2	7.7	NA	1.10	5.3	4,725
Mo och Domsjo (B)	Sweden	paper & forest prods	116.98	24.8	7.7	3.9	0.79	2.7	205
Ultramar	UK	oil & gas	2.60	–12.4	7.8	3.2E	0.63	8.5	791
Winsor	Hong Kong	textiles & apparel	1.08	62.5	8.1	6.9E	1.82	6.6	127
Toronto-Dominion Bank	Canada	banking	17.04	–4.6	8.3	NA	1.39	3.6	2,407
Hoechst	Germany	chemicals	126.05	1.1	8.4	4.5	1.97	5.3	6,117
Bank of Montreal	Canada	banking	24.02	–4.0	8.4	NA	1.19	5.9	1,963
Hong Kong Rlty & Trust (A)	Hong Kong	real estate	1.39	–11.3	8.8	NA	0.91	4.2	262
Wing Lung Bank	Hong Kong	banking	3.59	–4.7	8.8	NA	1.67	6.0	132
Canada Northwest Energy	Canada	oil & gas	12.24	–28.9	8.9	5.4	1.31	1.8	280
Inter-City Gas	Canada	electric/gas utility	11.05	–9.0	8.9	3.4E	1.37	3.9	222
Matsushita Elec Trading	Japan	wholesale & intl trade	12.22	–3.2	9.2	NA	1.50	0.7	1,435
Mazda Motor	Japan	automotive	2.28	2.0	9.4	3.9	1.24	1.9	1,820
Shell Refining	Malaysia	oil & gas	1.05	1.1	9.9	7.5E	1.42	3.1	157
Toyota Motor	Japan	automotive	8.72	24.6	10.0	6.8	1.54	1.1	16,221
Tasek Cement	Malaysia	building materials	0.56	–46.0	10.1	7.6	1.65	5.2	198

*Dec. 31, 1985. E: Estimate. NA: Not available or not applicable.

Source: Morgan Stanley Capital International Perspective.

The 100 cheapest foreign stocks

Company	Country	Industry	Stock price recent	Stock price % change since 1/1/86	P/E	Price/ cash flow	Price/ book value	Yield	Market value* (millions)
Malayan Banking	Singapore	banking	$1.15	-30.6%	10.3	NA	0.85	5.0%	$562
Koyo Seiko	Japan	indus components	3.27	12.6	10.6	NA	1.50	0.9	354
United Overseas Bank	Malaysia	banking	1.47	1.2	11.4	NA	1.09	2.9	637
Sony	Japan	appliances	20.65	-11.8	11.6	5.7	1.39	1.2	4,698
Pudis Plantations	Malaysia	misc materials	1.17	12.0	11.7	10.6E	1.51	3.6	180
Matsushita Elec Industrial	Japan	appliances	8.83	20.3	11.7	7.1E	1.38	0.6	11,374
United Plantations	Malaysia	misc materials	1.14	-3.2	12.1	10.1	1.94	2.5	167
Fuji Heavy Industries	Japan	automotive	3.03	0.8	12.5	4.5E	1.43	1.5	978
Hitachi Ltd	Japan	electrical equip	5.22	16.7	13.0	5.4E	1.56	1.0	10,917
Sanyo Electric	Japan	appliances	2.47	7.5	13.4	7.9E	1.22	1.9	2,254
Mitsubishi Elec	Japan	electrical equip	2.02	0.9	13.8	4.7E	1.62	2.3	3,124
Toshiba	Japan	electrical equip	2.41	13.5	14.2	4.5	1.99	1.9	4,934
Nissan Motor	Japan	automotive	3.16	-3.3	14.4	NA	0.88	2.5	6,196
Brother Industries	Japan	appliances	3.55	11.5	14.6	NA	1.63	1.6	704
Fuji Photo Film	Japan	recreation	15.26	31.0	14.9	9.3	1.97	2.5	8,736
Hitachi Maxell	Japan	recreation	15.60	-14.2	14.9	8.9	2.23	0.6	1,542
Sumitomo Metal Inds	Japan	steel	0.83	3.6	15.1	3.0	1.19	3.4	1,865
Nisshin Steel	Japan	steel	0.90	8.3	15.7	NA	1.35	3.2	591
Lane Marzotto (Risparmio)	Italy	textiles & apparel	3.69	34.0	15.8	8.0E	2.41	3.8	109
Chugoku Electric Power	Japan	electric/gas utility	10.15	14.9	16.0	4.9E	2.14	2.8	2,676
Chubu Electric Power	Japan	electric/gas utility	12.33	16.2	16.4	6.2E	2.49	2.3	6,606
Canon	Japan	recreation	6.20	-4.4	16.4	7.0	1.83	1.2	3,177
NTN Toyo Bearing	Japan	indus components	2.71	17.4	16.7	7.0	1.67	1.7	710
Sumitomo Corp	Japan	wholesale & intl trade	4.53	14.3	17.0	NA	2.26	0.9	2,569
Mitsubishi Paper Mills	Japan	paper & forest prods	2.86	20.6	17.1	8.4E	2.37	1.4	478
Tokyo Sanyo Electric	Japan	appliances	2.54	-2.9	17.1	8.1E	1.49	1.5	1,348
Maeda Construction	Japan	construct & housing	5.05	18.6	17.5	NA	1.49	1.0	605
Murata Manufacturing	Japan	electronics	13.71	4.8	17.6	11.5E	2.78	0.6	1,790
Amada	Japan	machinery & engnring	5.32	11.0	17.8	15.3	1.65	1.6	809
Toyoda Automatic Loom	Japan	machinery & engnring	4.99	11.7	17.8	NA	1.71	1.4	965
Saipem Ord	Italy	oilfield equip & svcs	3.58	14.3	17.8	6.3E	1.86	3.8	606
TDK	Japan	electronics	23.06	-9.3	18.1	8.9E	1.99	1.0	2,656
Mitsui Shipbuilding	Japan	machinery & engnring	0.83	5.1	18.2	NA	1.16	—	458
Kyushu Electric Power	Japan	electric/gas utility	10.10	17.3	18.3	4.9E	1.96	2.8	3,354
Komatsu	Japan	machinery & engnring	2.79	-6.2	18.3	9.2E	1.08	1.4	2,137
Omron Tateisi	Japan	electrical equip	8.55	-8.6	18.3	9.4E	2.39	0.7	1,387
Oji Paper	Japan	paper & forest prods	3.72	33.9	18.7	NA	2.83	1.1	1,270
Sharp	Japan	appliances	6.02	14.7	19.2	9.0	2.15	1.0	3,338
Saffa (Ord)	Italy	paper & forest prods	5.74	11.6	20.2	10.8E	2.00	3.8	160
Cartiere Burgo (Ord)	Italy	paper & forest prods	7.48	25.2	21.5	5.1	1.62	2.9	170

*Dec. 31, 1985. E: Estimate. NA: Not available or not applicable.

Source: Morgan Stanley Capital International Perspective.

The 500 largest foreign companies

THE FIRST THING to notice about The Forbes Foreign 500, which begins on the next page, is the way it looks. In the past, we have simply listed foreign companies in order of revenues. You know: An oil company (Royal Dutch/Shell) is followed by some trading companies (Mitsui, Mitsubishi, et al.), which are followed by Toyota and an Italian conglomerate.

We still rank foreign companies in order of revenues—1 through 500—but to help the reader deal with the sometimes unfamiliar company names, the following tables are organized by industry groupings.

The 500 companies are broken down into 33 industry groupings, arranged alphabetically, Aerospace & Defense through Utility. In the lefthand column of each listing, you will find the company's sales rank within the entire group of 500 for the current and the prior year. In the aerospace and defense industry, for example, $3.4 billion (revenues) British Aerospace Plc. moved from 299th place in 1984 to 289th place last year.

If you are looking for a particular company rather than for industry groups, turn to the index starting on page 194, which lists all 500 companies alphabetically and tells where to find them. The table below identifies the 25 largest foreign companies in order of revenues.

We think listing auto companies with auto companies, retailers with retailers, makes sense. It mirrors the way most investors go about evaluating stocks. Suppose you buy the idea of international portfolio diversification and want to check out foreign chemical companies. The listing on page 180 includes the 26 largest chemical and drug companies outside the U.S.

Our categories do not tell you which stocks to buy. No list does. But we include basic financial data to help you separate the chicken salad from the other stuff, and get your research started. Year-end price/earnings ratios can be calculated from the market value and net income columns; price/sales ratios can be figured from market value and revenues columns.

In this way, investors can get an idea of where the relative values lie inside each industry. Note, for example, that Toyota had a market capital of $16.2 billion, whereas the Daimler-Benz Group, which is the fourth-largest foreign automaker by size, had a larger market capital, $17.1 billion. But Mercedes' profits, $589 million last year, were only 36% of those of Toyota.

The 25 largest companies outside the U.S.

Rank	Company	Country	Industry	Revenue (millions)
1	Royal Dutch/Shell Group	Netherlands/UK	oil & gas	$81,791
2	Mitsui & Co Ltd	Japan	trading	72,065
3	Mitsubishi Corp	Japan	trading	70,520
4	C Itoh & Co Ltd	Japan	trading	59,564
5	Marubeni Corp	Japan	trading	56,128
6	Sumitomo Corp	Japan	trading	54,504
7	British Petroleum Co Plc	UK	oil & gas	53,131
8	Nissho Iwai Corp	Japan	trading	37,687
9	Toyota Motor Corp	Japan	automotive	27,137
10	ENI-Ente Nazionale Idrocarburi	Italy	oil & gas	24,461
11	IRI Group	Italy	multicompany	23,515
12	Nippon Telegraph & Telephone Corp	Japan	communications	23,029
13	Hitachi Ltd	Japan	multicompany	22,663
14	Unilever	Netherlands/UK	food processing	21,639
15	Matsushita Electric Industrial Co	Japan	consumer electronics	20,853
16	Pemex-Petróleos Mexicanos	Mexico	oil & gas	20,414
17	Toyo Menka Kaisha Ltd	Japan	trading	20,200
18	Elf Aquitaine Group	France	oil & gas	20,105
19	TOTAL Group-Française des Pétroles	France	oil & gas	19,267
20	Nissan Motor Co Ltd	Japan	automotive	18,945
21	Nichimen Corp	Japan	trading	18,172
22	Philips Group	Netherlands	electrical equipment	18,078
23	Volkswagen Group	Germany	automotive	17,935
24	Siemens Group	Germany	electrical equipment	17,841
25	Daimler-Benz Group	Germany	automotive	17,802

The 500 largest foreign companies

The new presentation has another virtue. It gives a snapshot of the inner structure of the foreign corporate world. The 500 companies have an aggregate $3.19 trillion in revenues and 24 million employees. But only 5 companies, with total sales of $18 billion and 325,000 workers, are in aerospace and defense. The automotive category, by contrast, includes 27 companies, with $212 billion in sales. Banking contains 47 banks with over $420 billion in revenues last year. It will be interesting to see how the components change.

What of these 500 largest foreign companies as a group? To make our list, a company needed most recent fiscal year revenues of at least $2.1 billion. Last year the cutoff was $2 billion. The 5% jump suggests that even adjusting for inflation, the big are getting bigger. The gap between the smallest and the largest companies closed somewhat. In 1984 revenues of the largest company (Royal Dutch/Shell) were 43 times those of the smallest company. Last year the ratio was 41-to-1.

From where do the 500 hail? Muscular Japan leads with 153 companies (16 more than last year), with overall revenues of $1.18 trillion—37% of the entire group's revenues. Second-place Britain, with 71 companies (4 fewer than in 1984), accounted for $460 billion in revenues. Germany, which again places third in terms of aggregate sales, fielded 2 fewer companies but showed a 19% increase in sales, to $375 billion.

Companies from 32 countries are represented. Asian companies, mirroring robust economic conditions in the region, now account for over 40% of revenues, a 4% increase over last year.

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		AEROSPACE & DEFENSE							
113	89	General Electric Co Plc	UK	Mar	$7,004	$521	$6,024	$6,331	165.6
252	351	Aérospatiale Group	France	Dec	3,812	60	7,176	none[3]	43.2
289	299	British Aerospace Plc	UK	Dec	3,432	164	3,960	1,697	75.6
483	472	Panavia Aircraft	Germany	Dec	2,156	2	3,398	none[5]	0.2
499	■	Rolls-Royce Ltd	UK	Dec	2,075	99	1,763	none[3]	41.4
		AUTOMOTIVE							
9	10	Toyota Motor Corp	Japan	June	27,137	1,626	17,189	16,221	79.9
20	26	Nissan Motor Co Ltd	Japan	Mar	18,945	334	14,415	6,196	108.5
23	27	Volkswagen Group	Germany	Dec	17,935	225	14,139	4,737	259.0
25	34	Daimler-Benz Group	Germany	Dec	17,802	589	14,438	17,123	231.1
42	44	Fiat Group	Italy	Dec	14,192	694	18,840	4,785	226.2
48	45	Renault Group	France	Dec	13,593	–1,215	13,935	none[3]	196.4
50	60	Honda Motor Co Ltd	Japan	Feb	12,776	643	9,323	5,369	53.7
60	64	Peugeot Groupe SA	France	Dec	11,162	34	9,310	1,009	176.8
69	63	Volvo Group	Sweden	Dec	10,018	520	8,434	3,047	67.9
112	117	Robert Bosch Group	Germany	Dec	7,208	124	6,099	none[3]	140.4
116	116	Mazda Motor Corp	Japan	Oct	6,795	160	4,433	1,820	27.6[4]
132	136	BMW-Bayerische Motoren Werke	Germany	Dec	6,140	102[4]	2,993[4]	2,776	53.9
177	162	Michelin Group	France	Dec	4,830	111	6,930	1,134	110.0
206	184	BL Plc	UK	Dec	4,427	–178	3,280	none[3]	77.8
223	303	Isuzu Motors Ltd[4]	Japan	Oct	4,137	54	3,289	1,422	16.0
237	273	Nippondenso Co Ltd	Japan	Dec	4,002	179	3,872	4,739	39.2
262	321	Saab-Scania Group	Sweden	Dec	3,700	160[6]	3,505	1,416	45.2
272	283	Bridgestone Corp	Japan	Dec	3,623	88	3,776	1,433	32.8
291	334	Asahi Glass Co Ltd	Japan	Dec	3,429	127	4,030	4,875	17.4
302	234	Pirelli Group	Switzerland/Italy	June	3,349	78	3,639[6]	1,265[8]	62.0
365	348	GKN Plc	UK	Dec	2,851	56	2,325	902	52.0

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		AUTOMOTIVE							
371	377	Suzuki Motor Co Ltd	Japan	Mar	$2,770	$34	$1,638	$741	12.4[4]
374	400	Fuji Heavy Industries Ltd[4]	Japan	Mar	2,752	61	1,669	978	13.9
387	390	Kubota Ltd	Japan	Apr	2,620	61	2,853	2,416	18.0
446	444	Daihatsu Motor Co Ltd	Japan	June	2,293	28	1,301	644	17.0
491	■	Yamaha Motor Co Ltd	Japan	Apr	2,107	1	1,486	514	9.7[4]
496	482	Nissan Shatai Co Ltd[4]	Japan	Mar	2,082	17	627	273	6.9
		BANKING							
51	17	Bank Hapoalim BM	Israel	Dec	12,760	263	21,515	16,904	9.8
61	59	National Westminster Bank Plc	UK	Dec	11,145	572	104,680	3,587	92.0
64	51	Barclays Group	UK	Dec	10,849	583	99,949	4,725	105.9
65	56	Banque Nationale de Paris Group	France	Dec	10,707	221	123,081	none[3]	59.3
68	61	Crédit Lyonnais Group	France	Dec	10,057	133	111,458	none[3]	54.9
72	81	Banco do Brazil	Brazil	Dec	9,789	1,376	56,081	2,596	117.5
76	90	Dai-Ichi Kangyo Bank Ltd	Japan	Mar	9,344	252	131,298	21,935	21.1[4]
78	67	Midland Bank Group	UK	Dec	9,298	158	83,886	1,496	78.6
81	101	Fuji Bank Ltd	Japan	Mar	9,243	248	130,212	17,462	15.8[4]
83	71	Société Générale Group	France	Dec	9,172	145	97,626	none[3]	44.2
84	97	Sumitomo Bank Ltd	Japan	Mar	9,157	316	122,907	19,057	14.5[4]
89	119	BRADESCO Group	Brazil	Dec	8,679	429[7]	9,821[7]	1,301	159.0
95	91	Crédit Agricole	France	Dec	8,102[4]	123	124,586	none[3]	74.1
97	110	Mitsubishi Bank Ltd[4]	Japan	Mar	7,900	254	115,559	16,580	15.1
98	49	Bank Leumi le-Israel BM	Israel	Dec	7,887	134	21,776	1,464	14.2
99	111	Sanwa Bank Ltd	Japan	Mar	7,856	242	110,267	15,690	15.8[4]
101	92	Lloyds Bank Group	UK	Dec	7,623	531	63,280	2,496	71.0
103	94	Paribas Group	France	Dec	7,472	150	72,902	none[3]	28.0
107	93	Royal Bank of Canada	Canada	Oct	7,391	360	70,259	2,463	37.4
115	130	Industrial Bank of Japan Ltd	Japan	Mar	6,867	183	91,568	11,169	5.6[4]
119	123	Bank of Tokyo Ltd	Japan	Mar	6,590	213	114,588	6,728	14.3
121	108	Deutsche Bank Group	Germany	Dec	6,562	368	96,371	12,153[8]	48.9
126	122	Bank of Montreal	Canada	Oct	6,305	250	60,310	1,963	33.3
134	155	Banco Itaú Group	Brazil	Dec	6,107	224[7]	6,151[7]	386	87.4
142	228	BANESPA Group	Brazil	Dec	5,867	157[7]	6,332[7]	85	32.2
144	132	Canadian Imperial Bank of Commerce	Canada	Oct	5,804	266	55,491	1,509	33.6
152	177	Long-Term Credit Bank of Japan Ltd[4]	Japan	Mar	5,587	115	73,251	7,680	3.4
153	152	Norinchukin Bank[4]	Japan	Mar	5,569	100	85,847	none[3]	3.1
155	185	Tokai Bank Ltd	Japan	Mar	5,525	165	82,180	8,229	13.7[4]
156	175	Mitsui Bank Ltd[4]	Japan	Mar	5,498	143	78,092	8,852	11.2
165	154	Dresdner Bank	Germany	Dec	5,147	146	76,651	4,160	33.1
173	229	Banca Nazionale del Lavoro	Italy	Dec	4,908	126	57,135	none[3]	25.4
175	■	Bancomer	Mexico	Dec	4,860	142	9,927	none[3]	32.5
189	209	Banco Nacional de México-Banamex	Mexico	Dec	4,656	119	11,008	none[3]	27.4

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		BANKING							
190	174	Bank of China	China	Dec	$4,651	$627	$56,686	none[3]	28.3
198	196	Westpac Banking Group	Australia	Sept	4,600	272	34,781	$1,567	43.4
199	168	Bank of Nova Scotia	Canada	Oct	4,558	224	44,686	1,513	25.8
204	211	Suez Group	France	Dec	4,455	168	39,778	1,678	15.5
211	250	Taiyo Kobe Bank Ltd [4]	Japan	Mar	4,346	78	64,269	5,491	14.9
213	343	Australia & New Zealand Banking Group	Australia	Sept	4,335	244	30,276	1,014	38.0
227	202	Westdeutsche Landesbank Group	Germany	Dec	4,054	15	57,737	none[3]	7.5
229	329	Sanpaolo Group	Italy	Dec	4,044	274	42,183	none[3]	17.4
231	220	CARIPLO Group	Italy	Dec	4,030	90	39,325	none[3]	13.6
232	224	Générale Bank Group	Belgium	Dec	4,028	82	40,932	876	29.5
235	112	IDB Bankholding Corp Ltd	Israel	Dec	4,009	73	11,475	795	7.9
238	222	Union Bank of Switzerland	Switzerland	Dec	4,000	281	67,157	10,192	18.7
241	227	Toronto-Dominion Bank	Canada	Oct	3,955	306	36,746	2,407	20.4
244	252	Monte dei Paschi di Siena Banking Group	Italy	Dec	3,900E	163	28,855[5]	none[3]	17.4
253	240	Commerzbank	Germany	Dec	3,803	116	55,752	2,646	24.2
271	315	Unibanco Group	Brazil	Dec	3,630	64[7]	3,350[7]	63	42.4
274	264	Bayerische Vereinsbank Group	Germany	Dec	3,608	70	53,792	2,089	13.1
278	247	Swiss Bank Corp	Switzerland	Dec	3,521	245	61,609	8,012	14.8
285	346	Nippon Credit Bank Ltd [4]	Japan	Mar	3,447	70	44,718	3,954	1.9
293	139	Standard Chartered Group	UK	Dec	3,425	192	41,649	959	33.0
312	320	CIC-Crédit Industriel et Commercial	France	Dec	3,268	71	35,273	none[3]	25.5
320	403	Mitsubishi Trust & Banking Corp [4]	Japan	Mar	3,207	76	67,755	5,551	6.3
329	337	Nacional Financiera SA	Mexico	Dec	3,178	30	15,805	none[3]	3.5
338	314	Commonwealth Banking Corp Group	Australia	June	3,096	183	23,345	none[3]	36.9
343	339	Bayerische Hypotheken-und Wechsel-Bank	Germany	Dec	3,050	72	45,764	2,553	11.9
348	449	Mitsui Trust & Banking Co Ltd	Japan	Mar	3,004	64	58,447[4]	4,765	5.4[4]
350	369	National Australia Bank Group	Australia	Sept	2,994	245	25,002	1,040	23.6
363	411	Daiwa Bank Ltd [4]	Japan	Mar	2,887	65	57,549	4,249	9.6
372	■	Bamerindus Group	Brazil	Dec	2,761	56[7]	2,644[7]	123	22.7
375	486	Sumitomo Trust & Banking Co Ltd [4]	Japan	Mar	2,752	77	61,940	5,403	5.9
381	370	Banco di Napoli	Italy	Dec	2,711	8	29,603	none[3]	13.5
383	446	Kyowa Bank [4]	Japan	Mar	2,664	58	41,299	3,461	10.0
388	402	Bayerische Landesbank Girozentrale	Germany	Dec	2,609	48	46,781	none[3]	4.1
390	412	Shoko Chukin Bank	Japan	Mar	2,590	19	37,390	none[3]	6.7
393	457	Saitama Bank Ltd [4]	Japan	Mar	2,584	61	38,984	3,081	8.6
394	372	Crédit Suisse	Switzerland	Dec	2,582	206	42,697	5,852	12.7
407	■	Yasuda Trust & Banking Co Ltd	Japan	Mar	2,500	42	48,635	3,127	5.2
415	169	Banco de la Nacion Argentina	Argentina	Dec	2,444	153	8,951	none[3]	20.2
417	481	Kredietbank NV	Belgium	Mar	2,429	70	28,336	623	11.6

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: FORBES estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		BANKING							
423	■	Hokkaido Takushoku Bank Ltd [4]	Japan	Mar	$2,410	$39	$31,211	$2,450	7.0
425	420	Banco Central Group	Spain	Dec	2,384	131	52,519	784	25.4
436	430	Banque Bruxelles Lambert	Belgium	Sept	2,342	35	27,479	373	13.3
447	424	DG Bank Group	Germany	Dec	2,289	65	42,158	none[3]	4.2
460	471	Svenska Handelsbanken	Sweden	Dec	2,240	108[6]	21,633	789	6.1
461	376	Skandinaviska Enskilda Bank Group	Sweden	Dec	2,238	130[6]	22,966	1,257	8.1
468	454	Banco di Sicilia	Italy	Dec	2,224	10	18,711	none[3]	9.3
469	■	Export-Import Bank of Japan	Japan	Mar	2,218	NA	24,356	none[3]	0.5
485	■	Banco Hispano Americano	Spain	Dec	2,148	77	19,229	319	19.8
486	484	Japan Development Bank	Japan	Mar	2,142	150	29,633	none[3]	1.1
492	500	Crédit Communal de Belgique	Belgium	Dec	2,102	18	23,922	none[3]	2.9
495	■	Bank of Yokohama Ltd	Japan	Mar	2,085	66	29,674	3,209	7.0
497	478	Norddeutsche Landesbank Group	Germany	Dec	2,082	26	37,628	none[3]	6.0
		BEVERAGES							
261	298	Allied-Lyons Plc	UK	Mar	3,745	270	4,562	2,647	70.3
445	422	Kirin Brewery Co Ltd	Japan	Jan	2,300E	136	2,537[5]	3,325	7.5[4]
467	426	Bass Plc	UK	Sept	2,224	204	3,026	3,102	71.3
488	■	Seagram Co Ltd	Canada	Jan	2,113	319	6,274	4,566	14.3
		BUILDING PRODUCTS							
102	106	Saint-Gobain	France	Dec	7,555	83	10,077	none[3]	148.9
487	458	Pioneer Group	Australia	June	2,125	67	1,273	647	7.6
		CHEMICALS & DRUGS							
31	33	BASF Group	Germany	Dec	16,198	338	11,517	5,646	130.2
36	35	Bayer Group	Germany	Dec	15,600	427	12,332	5,733	176.1
40	40	Hoechst Group	Germany	Dec	14,511	407	11,119	6,117	180.6
45	48	Imperial Chemical Industries Plc	UK	Dec	13,903	663	12,013	7,123	118.6
105	96	CIBA-GEIGY Group	Switzerland	Dec	7,415	440	10,867[7]	6,921	81.0
106	104	Montedison Group	Italy	Dec	7,401	59	8,670	1,804	69.7
111	105	NV DSM	Netherlands	Dec	7,283	121	4,825	none[3]	26.6
130	134	Rhône-Poulenc Group	France	Dec	6,243	257	6,069	none[3]	78.0
157	156	Akzo Group	Netherlands	Dec	5,422	253	4,240	2,086	65.0
161	171	Mitsubishi Chemical Industries	Japan	Jan	5,304	32	5,945	3,137	17.3
219	274	Sumitomo Chemical Co Ltd	Japan	Dec	4,176	43	5,194	1,946	12.6
225	232	Asahi Chemical Industry Co Ltd	Japan	Mar	4,084	67	3,429	4,686	15.9[4]
254	237	Solvay Group	Belgium	Dec	3,796	115	3,662	950	44.5
270	268	Roche/Sapac Group	Switzerland	Dec	3,638	183	6,059	4,477	45.5
287	317	Sandoz Group	Switzerland	Dec	3,440	215	4,023	3,493	40.2
288	312	Formosa Plastics Group	Taiwan	Dec	3,439	202	3,612	none[3]	39.0

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		CHEMICALS & DRUGS							
334	301	Henkel Group	Germany	Dec	$3,133	$57	$2,414	none[3]	30.9
351	373	Courtaulds Plc	UK	Mar	2,993	143	2,069	$1,052	67.7
430	408	Ube Industries Ltd	Japan	Mar	2,372	20	3,291	866	8.3[4]
456	■	Mitsui Toatsu Chemicals	Japan	Mar	2,250[9]	NA	2,158[5]	702	5.4
465	443	Takeda Chemical Industries Ltd	Japan	Mar	2,226	91	2,682	4,012	13.4
		COMMODITIES							
85	85	S&W Berisford Plc	UK	Sept	9,050	-19	2,066	448	10.9
163	161	Ferruzzi Group	Italy	Dec	5,237	NA	NA	none[3]	18.0
260	219	Canadian Wheat Board	Canada	July	3,762	NA	3,847	none[3]	0.5
264	217	Alfred C Toepfer Internationale Gruppe	Germany	Nov	3,675	NA	NA	none[3]	0.6
449	353	Cie Financière Sucres et Denrées	France	Dec	2,280	5	905	none[3]	4.5
		COMMUNICATIONS							
12	18	Nippon Telegraph & Telephone Corp	Japan	Mar	23,029	636	60,837	none[3]	300.0
27	22	Deutsche Bundespost	Germany	Dec	17,227	NA	57,137	none[3]	488.1
41	32	PTT-Postes et Télécommunications	France	Dec	14,256	NA	NA	none[3]	499.0
56	68	British Telecom	UK	Mar	11,554	1,469	21,737	16,640	236.0
74	84	Bell Canada Enterprises	Canada	Dec	9,708	769	14,728	7,416	108.3
230	207	British Post Office	UK	Mar	4,036	175	4,594[7]	none[3]	182.4
258	267	Telefonaktiebolaget LM Ericsson	Sweden	Dec	3,776	85	4,874	1,091	74.7
298	297	Schweizerische PTT	Switzerland	Dec	3,383	146	9,519	none[3]	57.0
328	326	Netherlands PTT	Netherlands	Dec	3,186	527	14,897	none[3]	90.6
391	388	STC Group Plc	UK	Dec	2,589	-69	1,780	788	48.0
420	440	Telefónica	Spain	Dec	2,421	230	11,718	2,993	62.8
		CONSTRUCTION							
184	183	Taisei Corp	Japan	Mar	4,691	48	4,351	1,245	12.6
218	192	Kajima Corp	Japan	Nov	4,216	55	6,318	1,882	16.0
255	221	Shimizu Construction Co Ltd[4]	Japan	Mar	3,782	49	3,827	1,314	10.2
281	■	Takenaka Komuten Co Ltd	Japan	Dec	3,488	30	3,925	none[3]	8.5
332	342	Ohbayashi Corp	Japan	Mar	3,155	36	3,660	1,104	10.4
339	357	Kumagai Gumi Co Ltd	Japan	Sept	3,092	66	4,855	1,702	7.9[4]
385	398	Bouygues Group	France	Dec	2,637	49	3,596	615	25.6
398	354	Philip Holzmann AG	Germany	Dec	2,531	9	1,168	354	29.6
429	442	Trafalgar House Plc	UK	Sept	2,372	120	1,970	1,724	34.3
494	■	Sekisui House Ltd	Japan	Jan	2,085	40	3,096	1,709	8.4[4]
		CONSUMER ELECTRONICS							
15	16	Matsushita Electric Industrial Co	Japan	Nov	20,853	1,017	21,605	11,374	134.0
129	126	Sanyo Electric Co Ltd	Japan	Nov	6,265	149	6,236	2,254	25.4
143	146	Sony Corp	Japan	Oct	5,859	297	6,842	4,703	44.9

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		CONSUMER ELECTRONICS							
178	203	Sharp Corp	Japan	Mar	$4,777	$163	$4,396	$3,338	22.8[4]
196	208	Electrolux Group	Sweden	Dec	4,612	149	3,876	1,506	93.6
233	210	THORN EMI Plc	UK	Mar	4,026	41	2,712	1,239	90.3
		CONSUMER GOODS							
135	125	Grand Metropolitan Plc	UK	Sept	6,040	338	6,046	4,440	137.2
276	352	Beecham Group Plc	UK	Mar	3,565	240	3,598	3,930	42.3
295	280	Rothmans International Plc	UK	Mar	3,416	52	2,231	488	23.4
323	296	Imperial Group Plc	UK	Oct	3,200E	136	4,077	2,785	89.0
344	356	Fuji Photo Film Co Ltd	Japan	Oct	3,047	269	4,305	3,740	16.9
		COOPERATIVE							
93	■	Selex & Tania Handels AG	Germany	Dec	6,423	NA	NA	none[3]	97.0
96	82	REWE-Zentral-Organisation	Germany	Dec	8,058	NA	NA	none[3]	0.6[4]
104	121	GEDELFI	Germany	Dec	7,472	15	NA	none[3]	0.2
140	153	Leclerc	France	Dec	5,898	NA	NA	none[3]	30.0
207	216	KF-Coop Group	Sweden	Dec	4,404	30[6]	2,329	none[3]	65.1
217	204	Migros-Genossenschafts-Bund	Switzerland	Dec	4,262	70	3,494	none[3]	56.2
222	236	STL-Finnish Wholesalers & Importers	Finland	Dec	4,142	NA	NA	none[3]	30.0
224	288	Intermarché	France	Dec	4,128	NA	NA	none[3]	25.6
246	243	Edeka-Zentrale	Germany	Dec	3,872	NA	NA	none[3]	30.0
282	260	Co op AG	Germany	Dec	3,467	9	1,112	none[3]	38.7
296	275	Coop Suisse	Switzerland	Dec	3,411	NA	NA	none[3]	31.3
307	285	Deutsche SPAR-Zentrale	Germany	Dec	3,321	NA	NA	none[3]	29.0
352	340	S Group	Finland	Dec	2,980	–1[4]	724[4]	none[3]	33.5
401	447	Eka Corporation	Finland	Dec	2,518	–5	2,840	none[3]	26.4
408	271	Metro-Deutschland Gruppe	Germany	Dec	2,500E	NA	NA	none[3]	13.5
466	■	Unico Pays de Loire	France	Dec	2,225	NA	NA	none[3]	17.9
		ELECTRICAL EQUIPMENT							
22	25	Philips Group	Netherlands	Dec	18,078	243	17,871	5,066	347.2
24	26	Siemens Group	Germany	Sept	17,841	490	19,515	14,335	348.0
87	80	Cie Générale d'Electricité	France	Dec	8,741	84	13,891	none[3]	153.8
120	114	Le Groupe Thomson	France	Dec	6,588	14	9,894	none[3]	107.0
149	176	BBC-Brown Boveri Group	Switzerland	Dec	5,647	44	9,522	920	97.8
188	195	ASEA Group	Sweden	Dec	4,672	160	5,840	1,593	61.0
263	238	AEG Group	Germany	Dec	3,683	5	3,354	1,735	73.8
373	406	Sumitomo Electric Industries Ltd	Japan	Mar	2,756	57	2,400	2,845	12.8[4]
377	360	BICC Plc Group	UK	Dec	2,733	36	1,523	667	46.4
409	415	Furukawa Electric Co Ltd	Japan	Mar	2,486	5	2,568	848	7.7[4]
413	419	Matsushita Electric Works	Japan	Nov	2,464	60	2,136	2,155	16.2

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		ELECTRICAL EQUIPMENT							
473	■	Tokyo Sanyo Electric Co Ltd	Japan	Nov	$2,213	NA	$1,754[5]	$1,348	14.7[4]
498	■	Fuji Electric Co Ltd	Japan	Mar	2,079	$39	2,118	915	13.7[4]
		FINANCIAL							
363	404	Crédit Foncier de France	France	Dec	2,879	21	34,575	588	3.7
426	■	Compagnie Bancaire Group	France	Dec	2,380	77	15,860	1,187	6.9
428	■	Nomura Securities Co Ltd	Japan	Sept	2,374	446	10,036	9,124	9.0[4]
		FOOD DISTRIBUTION							
122	120	George Weston Ltd	Canada	Dec	6,503	73	1,872	837	57.0
145	■	Aldi GmbH & Co KG	Germany	Dec	5,800E	169E	NA	none[3]	20.0
284	284	Provigo Inc	Canada	Jan	3,458	25	607	487	12.0
286	466	Casino Groupe	France	Dec	3,445	29	1,398	469	38.7
360	363	ICA Group	Sweden	Dec	2,910	37[6]	1,022	none[3]	12.8
453	490	Oshawa Group Ltd	Canada	Jan	2,260	29	398	384	17.8
470	439	D Carnegie & Co (was JS Saba)	Sweden	Dec	2,216	23[6]	1,052	299	18.2
		FOOD PROCESSING							
14	13	Unilever	Netherlands/UK	Dec	21,639	668	13,469	7,781[9]	312.0
28	47	Nestlé	Switzerland	Dec	17,184	712	12,130	10,452	154.8
180	205	Taiyo Fishery Co Ltd	Japan	Jan	4,715	0	2,414	400	16.0
197	149	Dalgety Plc	UK	June	4,602	42	1,119	690	19.0
215	254	Associated British Foods Plc	UK	Mar	4,310	154	2,230	1,495	78.8
301	289	Snow Brand Milk Products Co Ltd	Japan	Mar	3,364	17	1,300	566	8.7[4]
331	323	BSN-Gronpe	France	Dec	3,160	88	2,785	1,335	33.4
345	347	Co-operative Wholesale Society Ltd	UK	Dec	3,039	25	978	none[3]	23.8
416	375	Cadbury Schweppes Plc	UK	Dec	2,429	54	1,752	1,183	33.8
418	386	Unigate Group	UK	Mar	2,427	39	1,020	757	33.2
437	450	United Biscuits (Holdings) Plc	UK	Dec	2,341	73	1,383	1,409	41.5
455	432	Canada Packers	Canada	Mar	2,255	27	445	320	13.2
472	459	Nippon Suisan Kaisha Ltd	Japan	Mar	2,213	12	994	416	5.9
477	463	Jacobs Suchard Group	Switzerland	Dec	2,190	61	1,291	1,381	9.3
493	493	Ajinomoto Co	Japan	Mar	2,091	61	1,735	2,930	10.6
		INDUSTRIAL EQUIPMENT							
43	42	Mitsubishi Heavy Industries Ltd	Japan	Mar	14,156	165	14,293	5,163	90.3
131	142	Mannesmann Group	Germany	Dec	6,171	77	4,716	2,760	107.8
179	124	Gutehoffnungshütte Group	Germany	June	4,740	148	3,971	856	54.9
248	189	Ishikawajima-Harima Heavy Industries Co	Japan	Mar	3,869	35	6,038	1,016	25.6[4]
304	338	Komatsu Ltd	Japan	Dec	3,338	91	5,005	2,137	23.2
443	462	SKF Group	Sweden	Dec	2,320	64	2,860	1,056	44.3

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
INDUSTRIAL GASES									
434	341	BOC Group Plc	UK	Sept	$2,359	$127	$3,571	$1,803	36.9
471	437	L'Aire Liquide Group	France	Dec	2,215	125	2,745	2,642	25.0
INSURANCE									
30	38	Nippon Life Insurance Co	Japan	Mar	16,218	2,318	42,498	none[3]	14.0
59	■	Zenkyoren	Japan	Mar	11,351	NA	39,480	none[3]	7.0
63	■	Dai-ichi Mutual Life Insurance	Japan	Mar	11,004	1,537	27,906	none[3]	11.8
92	99	Sumitomo Life Insurance Co	Japan	Mar	6,438	1,223	23,129	none[3]	10.7
137	135	Allianz Worldwide	Germany	Dec	6,000E	111[4]	9,410[4]	10,141	25.2
151	159	Meiji Mutual Life Insurance Co	Japan	Mar	5,590	818	15,313	none[3]	8.1
186	181	Nationale-Nederlanden	Netherlands	Dec	4,688	181	24,162	3,490	21.5
187	172	Prudential Corp Plc	UK	Dec	4,682	98	28,894	3,412	27.0
191	213	Generali Group	Italy	Dec	4,650E	90[4]	4,241	5,738	18.0
192	206	Asahi Mutual Life Insurance	Japan	Mar	4,629	730	13,792	none[3]	35.5
193	214	Swiss Re Group [9]	Switzerland	Dec	4,625	51	11,715	1,781	13.7
194	300	UAP-Union des Assurances de Paris	France	Dec	4,623	199	12,819	404	17.2
195	199	Zurich Insurance Group	Switzerland	Dec	4,622	50[4]	5,610[4]	4,139	22.7
203	231	Royal Insurance Plc	UK	Dec	4,468	13	13,076	2,714	20.0
259	270	Mitsui Mutual Life Insurance Co	Japan	Mar	3,768	632	10,446	none[3]	29.3
277	374	Sun Life Assurance Co	Canada	Dec	3,532	105	11,420	none[3]	5.0
283	292	Yasuda Mutual Life Insurance Co	Japan	Mar	3,461	563	9,111	none[3]	21.8
290	256	Münchener Rückversicherungs	Germany	June	3,431	4	7,422	5,968	2.8
309	230	Commercial Union Assurance Co Plc	UK	Dec	3,297	–39	13,495	1,371	18.3
319	336	Winterthur Group	Switzerland	Dec	3,210	57	11,092	3,235	12.0
321	331	Sun Alliance & London Insurance Plc	UK	Dec	3,203	35	11,963	1,481	18.0
330	396	Manufacturers Life Insurance Co	Canada	Dec	3,173	165	11,753	none[3]	4.7
362	397	AGF-Assurances Générales de France	France	Dec	2,900E	148	8,546	1,582	11.9
367	371	Guardian Royal Exchange Plc	UK	Dec	2,819	–89	10,236	1,655	15.7
369	368	Tokio Marine & Fire Insurance Co Ltd	Japan	Mar	2,786	148	12,526	6,172	10.3
382	359	General Accident Fire & Life Assurance	UK	Dec	2,698	44	5,910	1,749	17.0
400	■	Nissan Fire & Marine Insurance	Japan	Mar	2,519	10	1,544	481	3.2
406	456	Great-West Life Assurance Co	Canada	Dec	2,501	88	7,728	644	4.3
410	410	AEGON Insurance Group	Netherlands	Dec	2,485	92	12,196	1,467	7.2
440	■	Legal & General Group	UK	Dec	2,329	48	14,871	1,626	6.9
451	483	AMEV NV	Netherlands	Dec	2,261	92	8,723	1,712	9.6
462	474	Crownx	Canada	Dec	2,236	48	5,084	433	26.5
463	497	Swiss Life Insurance & Pension Co	Switzerland	Dec	2,235	316	11,678	none[3]	3.7

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		INSURANCE							
476	479	Yasuda Fire & Marine Ins Co Ltd[4]	Japan	Mar	$2,192	$40	$5,118	$2,181	10.1
481	■	Standard Life Assurance Co	UK	Nov	2,158	1,073	14,572	none[3]	3.4
		MINING							
100	58	Ruhrkohle	Germany	Dec	7,647	38	6,887	none[3]	133.2
289	■	Charbonnages de France Group	France	Dec	4,384	–170	5,736	none[3]	70.0
397	109	National Coal Board	UK	Mar	2,535	–2,795	8,464	none[3]	225.9
404	414	Saarberg Group	Germany	Dec	2,508	–5	1,825	none[3]	30.5
444	262	Gencor-General Mining Union	South Africa	Dec	2,313	183	2,888	1,016	243.7
		MULTICOMPANY							
11	11	IRI Group	Italy	Dec	23,515	–583	47,622[6]	none[3]	483.7
13	14	Hitachi Ltd	Japan	Mar	22,663	679	28,753	10,917	164.1
35	65	Samsung Group	Korea	Dec	15,745	112	8,242	none[3]	129.0
37	33	Toshiba Corp	Japan	Mar	15,256	268	17,637	4,934	120.0
44	37	B.A.T Industries Plc	UK	Dec	13,929	829	12,769	6,674	198.0
46	66	Hyundai Group	Korea	Dec	13,890	78	8,515	none[3]	156.0
62	57	Canadian Pacific Ltd	Canada	Dec	11,014	180	15,345	3,994	123.4
66	58	INI Group	Spain	Dec	10,364	–956	20,196[6]	none[3]	191.2
73	77	Lucky-Gold Star Group	Korea	Dec	9,765	77	5,974	none[3]	70.0
86	72	ÖIAG-Österreichische Industrie Verwaltungs AG	Austria	Dec	9,016	NA	2,163	none[3]	102.2
90	87	Daewoo Group	Korea	Dec	8,615	53	9,008	none[3]	93.0
94	100	Mitsubishi Electric Corp	Japan	Mar	8,332	192	7,191	3,124	68.7
125	115	Sunkyong Group	Korea	Dec	6,375	54	2,487	none[3]	21.9
141	98	Barlow Rand Group	South Africa	Sept	5,878	–21	3,647	926	151.5
167	178	BTR Plc	UK	Dec	5,030	293	4,459	5,960	85.4
174	198	Norsk Hydro AS	Norway	Dec	4,876	241	6,022	1,664	26.4
210	158	Axel Johnson Group	Sweden	Dec	4,350	NA	NA	none[3]	28.5
221	212	VIAG Group	Germany	Dec	4,143	36	2,524	none[3]	22.0
226	170	Preussag Group	Germany	Dec	4,067	–1	2,360	832	21.3
240	235	SHV Holdings NV	Netherlands	Dec	3,964	46	1,640	none[3]	21.0
243	127	Klöckner & Co	Germany	Dec	3,902	13	1,389	none[3]	7.2[4]
256	■	Energoinvest	Yugoslavia	Dec	3,780	124	2,798	none[3]	51.5
269	282	Ssangyong Group	Korea	Dec	3,653	28	2,947	none[3]	13.3[4]
299	276	Kawasaki Heavy Industries Ltd	Japan	Mar	3,381	32	4,211	1,095	26.4
308	286	Hanson Trust Plc	UK	Sept	3,319	253	3,995	4,014	64.0
311	253	Feldmühle Nobel Group	Germany	Dec	3,281	79	3,262	none[3]	42.6
354	395	Koç Group	Turkey	Dec	2,958	51	1,067	none[3]	31.1
355	423	Genstar Corp	Canada	Dec	2,952	125	18,153	879	26.3
357	333	Haci Ömer Sabanci Holding Corp	Turkey	Dec	2,932	83	2,779	none[3]	27.9
378	378	Korea Explosives Group	Korea	Dec	2,723	2	2,163	none[3]	16.3
399	392	Hiram Walker Resources Ltd	Canada	Sept	2,530	208	4,192	1,734	10.7

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		MULTICOMPANY							
403	418	CSR Group	Australia	Mar	$2,511	$-54	$2,656	$1,285	13.5
432	431	Hyosung Group	Korea	Dec	2,367	18	1,993	none[3]	23.5
448	429	International Thomson Organisation	Canada	Dec	2,285	143	1,950	1,898	19.0
489	141	Peninsular & Oriental Steam Navigation	UK	Dec	2,112	114	2,432	1,607	31.5
		NONFERROUS METALS							
114	86	Rio Tinto-Zinc Corp Plc	UK	Dec	6,884	271	10,203	2,325	75.2
146	145	Alcan Aluminium Ltd	Canada	Dec	5,718	–216	6,861	2,893	70.0
239	223	Pechiney	France	Dec	3,997	81	5,162	none[3]	48.1
251	225	Degussa AG	Germany	Sept	3,826	36	1,596	985	23.9
266	244	Metallgesellschaft	Germany	Sept	3,661	18	1,922	739	24.8
313	266	Alusuisse	Switzerland	Dec	3,257	–281	3,904	433	33.6
402	393	Noranda	Canada	Dec	2,518	–185	4,465	1,386	25.4
441	■	Mitsubishi Metal Corp	Japan	Mar	2,325	25	2,185	1,491	5.5[4]
		OFFICE EQUIPMENT							
80	95	NEC Corp	Japan	Mar	9,248	274	10,737	9,116	90.1
124	157	Fujitsu Ltd	Japan	Mar	6,397	364	6,814	7,733	74.2
236	272	Canon Inc	Japan	Dec	4,006	155	4,992	3,177	34.1
317	394	Olivetti Group	Italy	Dec	3,215	263	4,244	1,982	48.9
464	■	Ricoh Co Ltd	Japan	Mar	2,234	68	2,029	2,221	25.0
		OIL & GAS							
1	1	Royal Dutch/Shell Group	Netherlands/UK	Dec	81,791	3,930	74,894	27,454[5]	142.0
7	6	British Petroleum Co Plc	UK	Dec	53,131	867	43,574	14,738	129.5
10	9	ENI-Ente Nazionale Idrocarburi	Italy	Dec	24,461	427	27,218	none[3]	130.0
16	12	Pemex-Petroleos Mexicanos	Mexico	Dec	20,414	4,373	36,836	none[3]	149.2
18	15	Elf Aquitaine Group	France	Dec	20,105	584	22,224	2,667	73.8
19	21	TOTAL Group-Française des Pétroles	France	Dec	19,267	165	12,231	1,178	44.6
26	29	Kanematsu-Gosho Ltd	Japan	Mar	17,649	4	5,010	325	3.0
32	24	VEBA Group	Germany	Dec	16,142	260	13,137	4,763	68.7
34	23	Petrobras-Petróleo Brasileiro SA	Brazil	Dec	16,012	1,786	12,858	713	61.4
38	28	National Iranian Oil Co	Iran	Dec	15,000E	NA	NA	none[3]	NA
47	36	Kuwait Petroleum Corp	Kuwait	June	13,640	693	18,883	none[3]	15.0[4]
49	39	Nippon Oil Co Ltd	Japan	Mar	13,480	51	6,300	4,075	10.0
54	43	Petróleos de Venezuela SA	Venezuela	Dec	11,858	1,482	18,132	none[3]	43.1
55	62	Idemitsu Kosan Co Ltd [4]	Japan	Mar	11,658	3	8,473	none[3]	5.9
67	76	Nederlandse Gasunie Group	Netherlands	Dec	10,315	24	2,889	none[3]	1.8
71	78	Petrofina SA	Belgium	Dec	9,834	287	7,154	2,336	22.7
77	69	Indian Oil Corp Ltd	India	Mar	9,332	70	2,416	none[3]	31.0
79	83	INH-Instituto Nacional de Hidrocarburos	Spain	Dec	9,279	NA	NA	none[3]	20.0

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		OIL & GAS							
117	103	Maruzen Oil Co Ltd	Japan	Mar	$6,751	$102	$2,660	$573	1.6[4]
138	194	Statoil Group	Norway	Dec	5,980	254	6,080	none[5]	7.1
139	148	Ruhrgas	Germany	Dec	5,912	155	2,547	none[5]	3.0[4]
148	150	Neste Group	Finland	Dec	5,687	82	3,919	none[5]	8.8
154	137	Chinese Petroleum Corporation	Taiwan	Dec	5,555	437	4,396	none[5]	19.9[4]
164	140	Nippon Mining Co Ltd	Japan	Mar	5,210	16	3,763	1,423	6.0
171	147	Mitsubishi Oil Co Ltd	Japan	Mar	4,916	–36	3,153	541	2.6[4]
176	151	Tonen Nenryo Kogyo KK	Japan	Dec	4,831	115	3,626	2,907	4.2
181	186	Yacimento Petrólifero-YPF	Argentina	Dec	4,703	–697[7]	9,240[7]	2,520	32.5
201	215	Türkiye Petrolleri AO	Turkey	Dec	4,550	456	3,274	none[5]	16.4
208	165	Daikyo Oil Co Ltd	Japan	Mar	4,400E	2	1,253	203	1.9[4]
245	248	Petro-Canada	Canada	Dec	3,881	–506	6,329	none[5]	10.6
292	302	TransCanada PipeLines Ltd	Canada	Dec	3,428	119	4,523	1,530	1.9
326	294	CEPSA-Cia Española de Petroleos	Spain	Dec	3,193	46	1,308	201	3.9[4]
333	365	CEA-Groupe	France	Dec	3,149	105	9,959	none[5]	23.4
340	197	Ultramar Group	UK	Dec	3,056	92	2,712	792	3.7
353	311	General Sekiyu Group	Japan	Mar	2,973	1	1,814	404	1.8
414	343	Nova, an Alberta Corporation	Canada	Dec	2,451	–60	4,545	666	7.2
419	316	Arabian Oil	Japan	Dec	2,425	11	780	922	2.2
424	307	Canada Development Corp	Canada	Dec	2,385	125	5,194	244	17.8
439	485	Britoil Plc	UK	Dec	2,332	243	3,088	1,509	2.7
457	■	Gulf Canada Corp	Canada	Dec	2,242	248	4,651	3,398	17.7
479	330	MABANAFT Group	Germany	Dec	2,181	3	420	none[5]	0.7
		OILFIELD SERVICE							
133	129	Schlumberger Ltd	Neth Antilles	Dec	6,119	351	11,282	10,863	72.8
314	306	McDermott International	Panama	Mar	3,257	56	4,350	674	35.0
		PAPER & PACKAGING							
450	455	Toyo Seikan Kaisha Ltd	Japan	Mar	2,277	80	1,566	1,300	14.4
478	467	Oji Paper Co Ltd	Japan	Mar	2,190	74	2,024	1,270	5.5[4]
		PUBLISHING							
349	349	Dai Nippon Printing Co Ltd	Japan	May	2,997	103	2,209	4,449	13.7
379	385	Toppan Printing Co Ltd	Japan	May	2,718	77	1,852	2,536	13.3
384	380	Reed International Plc	UK	Mar	2,660	109	1,877	1,183	34.7
421	409	Bertelsmann Aktiengesellschaft	Germany	June	2,416	105	1,395	none[5]	31.8
		RETAILING							
108	164	Coles Myer Ltd	Australia	July	7,332P	NA	2,498P	1,326	126.0P
118	128	Daiei Inc	Japan	Feb	6,738	4	4,611	1,055	14.5[4]
162	193	Ito-Yokado Co Ltd	Japan	Feb	5,275	139	3,201	4,814	35.4

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		RETAILING							
166	226	Marks & Spencer Plc	UK	Mar	$5,145	$306	$3,219	$6,725	43.2
214	201	Vendex International Group	Netherlands	Jan	4,315	74	1,416[7]	none[3]	52.4
234	257	Nichii Co Ltd	Japan	Feb	4,024	35	2,943	1,080	31.7
247	277	Jusco Co Ltd	Japan	Feb	3,870	41	2,564	1,128	18.0
249	251	Hudson's Bay Co	Canada	Jan	3,841	–4	3,071	508	39.0
250	258	Seiyu Ltd	Japan	Feb	3,829	16	1,804	586	17.4
267	246	Karstadt Group	Germany	Dec	3,658	12	1,729	965	66.9
279	322	Takashimaya Co Ltd	Japan	Feb	3,511	53	1,419[5]	528	7.8[4]
306	309	Woolworths Ltd	Australia	Jan	3,335	7	981	499	60.0
335	364	Imasco	Canada	Mar	3,128	189	2,137	2,172	20.7
337	428	Mitsukoshi	Japan	Feb	3,100[P]	NA	1,019[5]	1,377	11.6[4]
341	350	Daimaru	Japan	Feb	3,054	15	1,189	378	7.9[4]
347	381	Sears Plc	UK	Jan	3,009	154	2,092	2,354	64.1
358	399	Boots Co Plc	UK	Mar	2,928	187	1,904	2,752	67.6
361	305	Otto Versand-Group	Germany	Feb	2,900E	46[4]	537[4]	none[3]	22.9
376	335	Great Universal Stores Plc	UK	Mar	2,733	200	2,548	2,944	44.3
392	383	Kaufhof	Germany	Dec	2,585	18	1,346	938	42.8
411	242	South African Breweries Ltd	South Africa	Mar	2,484	108	1,725	828	73.5
442	460	Woolworth Holdings Plc	UK	Jan	2,320	47	1,730	1,359	53.0
484	491	Littlewoods Organization Plc	UK	Dec	2,154	44	973[5]	none[3]	34.0
		STEEL							
52	52	Nippon Steel Corp	Japan	Mar	12,537	207	15,318	5,130	65.9[4]
58	53	Thyssen Group	Germany	Sept	11,362	146	7,143	2,173	128.0
127	131	Nippon Kokan KK	Japan	Mar	6,287	77	10,247	2,065	36.9
128	118	Krupp Group	Germany	Dec	6,176	28	4,343	none[3]	67.4
150	167	Broken Hill Proprietary Co Ltd	Australia	May	5,636	528	7,970	6,187	57.6
158	200	Sacilor	France	Dec	5,406	–594	10,509	none[3]	69.5
159	143	Kobe Steel Ltd	Japan	Mar	5,316	42	7,700	1,870	28.7[4]
160	163	Sumitomo Metal Industries Ltd	Japan	Mar	5,315	103	8,985	1,865	27.3[4]
168	182	Kawasaki Steel Corp [6]	Japan	Mar	5,001	83	7,719	1,992	27.9
183	160	British Steel Corp	UK	Mar	4,594	–513	4,605	none[3]	73.7
228	190	Usinor Group	France	Dec	4,047	–381	5,836	420	44.2
305	327	Siderbras Group	Brazil	Dec	3,337	–2,504	16,679	none[3]	69.6
316	325	Cockerill Sambre	Belgium	Dec	3,245	–100	3,341	none[3]	17.0
342	279	Salzgitter	Germany	Sept	3,053	16	2,911	none[3]	42.1
356	350	Steel Authority of India Ltd	India	Mar	2,934	3	6,649	none[3]	206.4
396	401	Hoesch Group	Germany	Dec	2,540	134	2,690	479	33.1
412	416	Klöckner-Werke AG	Germany	Sept	2,474	11[4]	1,899[4]	346	33.1
435	417	Pohang Iron & Steel Co Ltd	Korea	Dec	2,353	70	3,737	none[3]	17.0
452	438	Hoogovens Group	Netherlands	Dec	2,261	83	2,597	491	28.1

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		SUPERMARKETS							
70	75	Tengelmann Group	Germany	June	$10,000E	NA	NA	none[3]	97.9E
172	187	Carrefour	France	Dec	4,915	$57	$2,181	$1,217	32.3
182	249	J Sainsbury Plc	UK	Mar	4,703	175	2,066	3,761	41.4
202	241	Tesco Plc	UK	Feb	4,525	103	1,649	1,711	43.4
280	293	Ahold	Netherlands	Dec	3,491	36	1,024	528	49.3
303	328	Promodès Group	France	Dec	3,347	8	1,221	181	27.2
327	345	Delhaize "Le Lion" Group	Belgium	Dec	3,186	14	771	349	29.5
346	487	Dee Corporation Plc	UK	Apr	3,021	53	963	1,756	43.2
359	367	Steinberg Inc	Canada	July	2,914	54	846	425	32.0
368	391	ASDA-MFI Group Plc	UK	Apr	2,815	115	1,001	2,344	39.4
386	278	Générale Occidentale	France	Mar	2,631	34	1,063	394	21.5
405	473	Argyll Group Plc	UK	Mar	2,505	14	910	1,000	37.0
		TEXTILES							
315	313	Toray Industries	Japan	Mar	3,247	55	3,301	3,134	29.7
422	413	Teijin Ltd	Japan	Mar	2,412	67	2,166	2,022	7.2[4]
475	■	Coats Viyella Plc	UK	Dec	2,203P	126P	1,963P	NA	75.0P
480	451	Kanebo Ltd	Japan	Apr	2,167	21	2,014	820	26.5
500	464	Toyobo Co Ltd	Japan	Apr	2,074	26	1,565	851	11.0[4]
		TRADING							
2	2	Mitsui & Co Ltd	Japan	Mar	72,065	41	23,774	2,123	11.6
3	3	Mitsubishi Corp	Japan	Mar	70,520	131	24,909	4,401	13.9
4	4	C Itoh & Co Ltd	Japan	Mar	59,564	53	20,024	1,980	10.0
5	5	Marubeni Corp	Japan	Mar	56,128	107	21,109	1,574	10.3
6	7	Sumitomo Corp	Japan	Mar	54,504	140	12,611	2,569	12.0
8	8	Nissho Iwai Corp	Japan	Mar	37,687	44	12,154	830	7.4
17	19	Toyo Menka Kaisha Ltd	Japan	Mar	20,200	7	6,354	521	5.0
21	30	Nichimen Corp	Japan	Mar	18,172	12	6,871	366	4.4
123	113	Kawasho Corp[4]	Japan	Sept	6,427	3	3,018	157	1.8
147	166	Toyoda Tsusho Kaisha Ltd	Japan	Mar	5,702	22	1,538	424	1.6
169	173	Elders IXL Ltd	Australia	June	4,965	86	1,428	697	22.5
216	180	Franz Haniel & Cie GmbH	Germany	Dec	4,265	20	1,249	none[3]	17.2
318	290	Lonrho Group	UK	Sept	3,210	122	2,821	782	118.0
325	332	Kesko Oy[4]	Finland	Dec	3,195	14	1,381	151	6.2
336	281	Tohoku Ltd	Japan	Oct	3,108	0	1,542	122	0.5[4]
365	324	Fletcher Challenge Ltd	New Zealand	June	2,877	91	3,147	740	23.4
370	366	Hanwa Co Ltd[4]	Japan	Mar	2,774	14	1,498	622	1.1
380	382	Chori Co Ltd	Japan	Mar	2,714	6	1,077	134	1.5[4]
395	407	Shinsho Corp[4]	Japan	Mar	2,544	0	949	109	1.2
431	361	Inchcape Plc	UK	Dec	2,370	5	1,668	371	46.8
438	384	Itoman & Co Ltd	Japan	Sept	2,336	NA	1,750[5]	381	1.5[4]
474	461	Nagase & Co Ltd	Japan	Mar	2,210	24	973	401	1.6[4]

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1985	Rank 1984	Company	Country	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Employees (thousands)
		TRANSPORTATION							
29	■	Japanese National Railways	Japan	Mar	$16,871	$–8	$75,462[5]	none[3]	326.0
75	73	Deutsche Bundesbahn	Germany	Dec	9,361	–995	20,136[5]	none[3]	294.7
110	107	SNCF	France	Dec	7,289	–499	16,914	none[3]	242.7
185	138	South African Transport Services	South Africa	Mar	4,690	15	9,062	none[3]	233.3
212	255	British Airways Plc	UK	Mar	4,338	249	2,437[5]	none[3]	40.3
220	218	Nippon Express Co Ltd	Japan	Mar	4,174	36	2,511	$2,976	57.6
257	269	Japan Air Lines Co Ltd	Japan	Mar	3,778	44	3,297	6,389	25.2
265	239	Canadian National Railway System	Canada	Dec	3,674	44	5,823	none[3]	61.1
273	261	Deutsche Lufthansa AG	Germany	Dec	3,618	22	2,430	1,468	39.4
275	245	British Railways Board	UK	Mar	3,600E	NA	2,454	none[3]	185.7
294	295	Nippon Yusen Kaisha Line	Japan	Mar	3,422	30	3,314	1,518	4.1[4]
300	318	Air France	France	Dec	3,370	81	2,384	none[3]	35.6
433	452	Danzas Group	Switzerland	Dec	2,360	3[4]	338[4]	none[3]	10.2
454	445	Kinki Nippon Railway Co Ltd	Japan	Mar	2,259	56	3,096	2,904	12.9[4]
458	453	Mitsui OSK Lines Ltd	Japan	Mar	2,242	24	2,460	973	4.4
459	448	SAS Group	Sweden	Sept	2,242	NA	1,635	none[3]	29.7
		UTILITY							
33	31	Tokyo Electric Power Co[6]	Japan	Mar	16,032	462	36,037	18,673	39.2
39	46	Electricité de France	France	Dec	14,568	110	51,051	none[3]	125.0
53	41	The Electricity Council	UK	Mar	12,491	–744	49,932[7]	none[3]	135.7
57	54	ENEL	Italy	Dec	11,373	0	36,358	none[3]	115.2
82	70	RWE Group	Germany	June	9,233	145	10,617	2,352	70.2
88	74	British Gas Corp	UK	Mar	8,686	1,009	22,904[7]	none[3]	95.6
91	79	Kansai Electric Power Co[6]	Japan	Mar	8,602	289	18,202	9,739	24.6
109	102	Chubu Electric Power[6]	Japan	Mar	7,291	284	11,850	6,606	19.7
136	144	Gaz de France	France	Dec	6,009	53	7,882	none[3]	29.0
170	179	Générale des Eaux Groupe	France	Dec	4,922	67	4,652	1,360	69.1
200	188	Tohoku Electric Power Co[6]	Japan	Mar	4,556	135	9,298	3,710	13.2
205	191	Kyushu Electric Power[6]	Japan	Mar	4,429	139	9,681	3,354	14.9
242	233	Korea Electric Power Corp	Korea	Dec	3,937	291	13,760	none[3]	22.8
260	259	Chugoku Electric Power Co[6]	Japan	Mar	3,655	148	6,800	2,676	11.5
297	304	Ontario Hydro	Canada	Dec	3,387	263	20,980	none[3]	31.2
310	308	Hydro-Québec	Canada	Dec	3,289	153	20,882	none[3]	18.2
322	310	Tokyo Gas Co Ltd	Japan	Mar	3,201	132	2,917	4,132	12.8[4]
324	319	Taiwan Power Co	Taiwan	June	3,198	633	12,891	none[3]	21.7
389	387	Osaka Gas Co Ltd	Japan	Mar	2,605	121	2,801	2,775	10.4[4]
427	436	INTERCOM	Belgium	Dec	2,377	159	5,413	1,438	9.0
482	476	VEW-Vereinigte Elektrizitätswerke	Germany	Dec	2,157	39	6,087	1,149	7.5
490	379	Electricity Supply Commission	South Africa	Dec	2,110	18	12,219	none[3]	66.0

■Not ranked last year. [1]Revenue figures are for group or consolidated operations and exclude taxes and duties. [2]As of Dec. 31, 1985. [3]Not publicly traded. [4]Not fully consolidated. [5]Figures are latest available. [6]Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [7]Based on current cost accounting. [8]Combined market value. [9]Estimates taken from Japan Company Handbook. NA: Not available. E: Forbes estimate. P: Pro forma for merger since last fiscal year-end.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February and March fiscal year-ends, 1985 figures are used when more current data are not available.

Where to find the Forbes Foreign 500

Company	Rank	Industry	Page
ABC Group	263	electrical equipment	182
AEGON Insurance Group	410	insurance	186
Aerospatiale Group	352	aerospace & defense	177
AGF-Assurances Générales de France	362	insurance	186
Ahold	280	supermarkets	192
Air France	300	transportation	193
Ajinomoto Co	493	food processing	183
Akzo Group	157	chemicals & drugs	180
Alcan Aluminium Ltd	146	nonferrous metals	189
Aldi GmbH & Co KG	145	food distribution	183
Allianz Worldwide	137	insurance	186
Allied-Lyons Plc	361	beverages	180
Alusuisse	313	nonferrous metals	189
AMEV NV	451	insurance	186
Amoco Oil	419	oil & gas	190
Argyll Group Plc	405	supermarkets	192
Asahi Chemical Industry Co Ltd	225	chemicals & drugs	180
Asahi Glass Co Ltd	291	automotive	177
Asahi Mutual Life Insurance	192	insurance	186
ASDA-MFI Group Plc	368	supermarkets	192
ASEA Group	188	electrical equipment	182
Associated British Foods Plc	215	food processing	183
Australia & New Zealand Banking	213	banking	179
B.A.T Industries Plc	44	multicompany	188
Banesto Group	372	banking	179
Banca Nazionale del Lavoro	173	banking	178
Banco Central Group	425	banking	180
Banco de la Nacion Argentina	415	banking	179
Banco di Napoli	381	banking	179
Banco di Sicilia	468	banking	180
Banco do Brasil	78	banking	178
Banco Hispano Americano	485	banking	180
Banco Itali Group	184	banking	178
Banco Nacional de México-Banamex	189	banking	178
Santander	175	banking	178
BANESPA Group	142	banking	178
Bank Hapoalim BM	51	banking	178
Bank Leumi le-Israel BM	98	banking	178
Bank of China	190	banking	179
Bank of Montreal	126	banking	178
Bank of Nova Scotia	159	banking	179
Bank of Tokyo Ltd	119	banking	178
Bank of Yokohama Ltd	495	banking	180
Banque Bruxelles Lambert	456	banking	180
Banque Nationale de Paris Group	66	banking	178
Barclays Group	64	banking	178
Barlow Rand Group	141	multicompany	188
BASF Group	31	chemicals & drugs	180
Bass Plc	467	beverages	180
Bayer Group	36	chemicals & drugs	180

Company	Rank	Industry	Page
Bayerische Hypotheken	343	banking	179
Bayerische Landesbank Girozentrale	288	banking	179
Bayerische Vereinsbank Group	276	banking	179
BBC-Brown Boveri Group	149	electrical equipment	182
Beecham Group Plc	174	consumer goods	182
Bell Canada Enterprises	74	communications	181
S&W Berisford Plc	85	commodities	181
Bertelsmann Aktiengesellschaft	421	publishing	190
BICC Plc Group	377	electrical equipment	182
BL Plc	206	automotive	177
BMW Bayerische Motoren Werke	193	automotive	177
BOC Group Plc	484	industrial gases	186
Boots Co Plc	358	retailing	191
Robert Bosch Group	113	automotive	177
Bouygues Group	385	construction	181
BRADESCO Group	89	banking	178
Bridgestone Corp	272	automotive	177
British Aerospace Plc	289	aerospace & defense	177
British Airways Plc	212	transportation	193
British Gas Corp	88	utility	193
British Petroleum Co Plc	7	oil & gas	190
British Post Office	330	communications	181
British Railways Board	275	transportation	193
British Steel Corp	103	steel	191
British Telecom	62	communications	181
Britoil Plc	439	oil & gas	190
Broken Hill Proprietary Co Ltd	150	steel	191
BSN-Groupe	331	food processing	183
BTR Plc	167	multicompany	188
Cadbury Schweppes Plc	416	food processing	183
Canada Development Corp	418	oil & gas	190
Canada Packers	486	food processing	183
Canadian Imperial Bank of Commerce	144	banking	178
Canadian National Railway System	265	transportation	193
Canadian Pacific Ltd	69	multicompany	188
Canadian Wheat Board	260	commodities	181
Canon Inc	236	office equipment	189
CARIPLO Group	231	banking	179
D Carnegie & Co AB	470	food distribution	183
Carrefour	172	supermarkets	192
Casino Group	491	food distribution	183
CEA-Groupe	383	oil & gas	190
CEPSA-Cia Española de Petroleos	338	oil & gas	190
Charbonnages de France Group	209	mining	189
Chevron Petroleum Corporation	104	oil & gas	190
Chori Co Ltd	380	trading	192
Chubu Electric Power	109	utility	193
Chugoku Electric Power Co	268	utility	193
CIBA-GEIGY Group	105	chemicals & drugs	180
CIC-Crédit Industriel et Commercial	312	banking	179

Where to find the Forbes Foreign 500

Company	Rank	Industry	Page
Co-op AG	382	cooperative	182
Cooperative Wholesale Society Ltd	249	food processing	183
Corp. Vipella SA	475	textiles	191
Cred. Fonc. Rentier	416	steel	191
Cuba Petro Ltd.	300	retailing	190
Commercial Union Assurance Co Plc	309	insurance	186
Commerzbank	253	banking	179
Commonwealth Banking Corp	338	banking	179
Compagnie Bancaire Group	426	financial	183
Coop Suisse	296	cooperative	182
Corporacion Pic	181	chemicals & drugs	180
Crédit Agricole	95	banking	178
Crédit Communal de Belgique	402	banking	180
Crédit Foncier de France	364	financial	183
Crédit Lyonnais Group	65	banking	178
Crédit Suisse	394	banking	179
Crownx	462	insurance	186
CSR Group	403	multicompany	189
Daewoo Group	90	multicompany	188
Dai-Ichi Kangyo Bank Ltd	76	banking	178
Dai-Ichi Mutual Life Insurance	82	insurance	186
Dai Nippon Printing Co Ltd	249	publishing	189
Daiei Inc	110	retailing	190
Daihatsu Motor Co Ltd	446	automotive	176
Daikyo Oil Co Ltd	209	oil & gas	190
Daimaru	341	retailing	191
Daimler-Benz Group	25	automotive	177
Daiwa Bank Ltd	363	banking	179
Dalgety Plc	197	food processing	183
Danzas Group	433	transportation	193
Dart Corporation Plc	346	supermarkets	191
Degussa AG	351	conference rooms	189
Delhaize "Le Lion" Group	327	supermarkets	191
Deutsche Bank Group	121	banking	178
Deutsche Bundesbahn	78	transportation	193
Deutsche Bundespost	27	communications	181
Deutsche Lufthansa AG	273	transportation	193
Deutsche SPAR-Zentrale	307	cooperative	182
DG Bank Group	447	banking	180
Dresdner Bank	165	banking	178
Dy Dee	133	chemicals & drugs	180
Edeka-Zentrale	346	cooperative	182
Elo Corporation	401	cooperative	182
Elders IXL Ltd	169	trading	192
Electricité de France	39	utility	193
The Electricity Council	53	utility	193
Electricity Supply Commission	490	utility	193
Electrolux Group	196	consumer electronics	182
Elf Aquitaine Group	18	oil & gas	189
ENEL	57	utility	193

Company	Rank	Industry	Page
Enterprise Oil	296	oil & gas	190
Enterprise Oil International	59	oil & gas	189
Entreprise Minière et Chimique	388	diversified	181
Erste Österreichische Spar-Casse	400	banking	180
Esselte Business Systems	311	office equipment	189
Ferruzzi Group	163	commodities	181
Fiat Group	42	automotive	177
Fletcher Challenge Ltd	365	trading	192
Formosa Plastics Group	288	chemicals & drugs	180
Fuji Bank Ltd	81	banking	178
Fuji Electric Co Ltd	356	electrical equipment	182
Fuji Heavy Industries Ltd	374	automotive	176
Fuji Photo Film Co Ltd	394	consumer goods	182
Fujitsu Ltd	124	office equipment	189
Furukawa Electric Co Ltd	420	electrical equipment	182
Gaz de France	136	utility	193
GEDELFI	104	cooperative	182
Gencor-General Mining Union	444	mining	188
General Accident Fire & Life Assurance	382	insurance	186
General Electric Co Plc	113	aerospace & defense	177
General Sekiyu Group	330	oil & gas	190
Genkinsky Bank Group	332	banking	179
Genossenschaftsbank	87	financial	183
Genossenschaftsverband	370	utility	193
Genossenschaftsverband	286	cooperative	182
Generali Group	191	insurance	186
Genstar Corp	355	multicompany	188
George Weston Ltd	122	food distribution	183
GKN Plc	366	automotive	177
Grand Metropolitan Plc	135	consumer goods	182
Great Universal Stores Plc	470	trading	192
Great-West Life Assurance Co	406	insurance	186
Groupe Royal Exchange Plc	467	insurance	186
Gulf Canada Corp	457	oil & gas	190
Gutehoffnungshütte Group	179	industrial equipment	183
Haci Ömer Sabanci Holding Corp	357	multicompany	188
Franz Haniel & Cie GmbH	216	trading	192
Hanson Trust Plc	308	multicompany	188
Hanwa Co Ltd	370	trading	192
Henkel Group	334	chemicals & drugs	181
Hidden Valley Petroleum Ltd	499	exploration	191
Hitachi Ltd	11	multicompany	188
Hoechst Group	40	chemicals & drugs	180
Hoesch Group	299	steel	191
Hokkaido Takushoku Bank Ltd	422	banking	180
Philip Holzmann AG	398	construction	181
Honda Motor Co Ltd	50	automotive	177
Hoogovens Groep	452	steel	191
Hudson's Bay Co	249	retailing	191
Hydro-Québec	310	utility	193

Where to find the Forbes Foreign 500

Company	Rank	Industry	Page
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Imasco	335	retailing	191
Imperial Chemical Industries Plc	45	chemicals & drugs	180
Imperial Group Plc	323	consumer goods	182
Inchcape Plc	431	trading	192
Indian Oil Corp Ltd	77	oil & gas	189
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
International Thomson Organisation	448	multicompany	189
IRI Group	11	multicompany	188
Ishikawajima-Harima Heavy Industries	248	industrial equipment	183
Isuzu Motors Ltd	223	automotive	177
Ito-Yokado Co Ltd	162	retailing	190
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Japanese National Railways	29	transportation	193
Axel Johnson Group	210	multicompany	188
Jusco Co Ltd	247	retailing	191
Kajima Corp	218	construction	181
Kanebo Ltd	480	textiles	192
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki Steel Corp	168	steel	191
Kawasho Corp	123	trading	192
Kesko Oy	325	trading	192
KF-Coop Group	207	cooperative	182
Kinki Nippon Railway Co Ltd	454	transportation	193
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Komatsu Ltd	304	industrial equipment	183
Korea Electric Power Corp	242	utility	193
Korea Explosives Group	378	multicompany	188
Kredietbank NV	417	banking	179
Krupp Group	128	steel	191

Company	Rank	Industry	Page
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
L'Aire Liquide Group	471	industrial gases	186
Leclerc	140	cooperative	182
Legal & General Group	440	insurance	186
Littlewoods Organisation Plc	484	retailing	191
Lloyds Bank Group	101	banking	178
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Manufacturers Life Insurance Co	330	insurance	186
Marks & Spencer Plc	166	retailing	191
Marubeni Corp	5	trading	192
Maruzen Oil Co Ltd	117	oil & gas	190
Matsushita Electric Industrial Co	15	consumer electronics	181
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Metro-Deutschland Gruppe	408	cooperative	182
Michelin Group	177	automotive	177
Midland Bank Group	78	banking	178
Migros-Genossenschafts-Bund	217	cooperative	182
Mitsubishi Bank Ltd	97	banking	178
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Oil Co Ltd	171	oil & gas	190
Mitsubishi Trust & Banking Corp	320	banking	179
Mitsui & Co Ltd	2	trading	192
Mitsui Bank Ltd	156	banking	178
Mitsui Mutual Life Insurance Co	259	insurance	186
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Montedison Group	106	chemicals & drugs	180
Münchener Rückversicherungs	290	insurance	186
Nacional Financiera SA	329	banking	179
Nagase & Co Ltd	474	trading	192
National Australia Bank Group	350	banking	179

Where to find the Forbes Foreign 500

Company	Rank	Industry	Page
National Coal Board	397	mining	188
National Iranian Oil Co	34	oil & gas	189
National Westminster Bank Plc	61	banking	178
Nationale-Nederlanden	186	insurance	186
NEC Corp	80	office equipment	189
Nederlandse Gasunie Group	67	oil & gas	189
Neste Group	148	oil & gas	190
Nestlé	28	food processing	183
Netherlands PTT	328	communications	181
Nichii Co Ltd	234	retailing	191
Nichimen Corp	31	trading	192
Nippon Credit Bank Ltd	285	banking	179
Nippon Express Co Ltd	220	transportation	193
Nippon Kokan KK	127	steel	191
Nippon Life Insurance Co	30	insurance	186
Nippon Mining Co Ltd	164	oil & gas	190
Nippon Oil Co Ltd	49	oil & gas	189
Nippon Steel Corp	52	steel	191
Nippon Suisan Kaisha Ltd	472	food processing	183
Nippon Telegraph & Telephone Corp	12	communications	181
Nippon Yusen Kaisha Line	294	transportation	193
Nippondenso Co Ltd	237	automotive	177
Nissan Fire & Marine Insurance	400	insurance	186
Nissan Motor Co Ltd	20	automotive	177
Nissan Shatai Co Ltd	496	automotive	178
Nissho Iwai Corp	8	trading	192
Nomura Securities Co Ltd	428	financial	183
Noranda	402	nonferrous metals	189
Norddeutsche Landesbank Group	497	banking	180
Norinchukin Bank	153	banking	178
Norsk Hydro AS	174	multicompany	188
Nove, ex Allianz Corporate	414	oil & gas	190
Obayashi Corp	332	construction	181
OIAG-Österreichische Industrie	86	multicompany	188
Oji Paper Co Ltd	478	paper & packaging	190
Olivetti Group	317	office equipment	189
Ontario Hydro	297	utility	193
Osaka Gas Co Ltd	389	utility	193
Oshawa Group Ltd	453	food distribution	183
Otto Versand-Group	361	retailing	191
Pilatus Aircraft	483	aerospace & defense	177
Pacific Group	103	banking	178
Pechiney	229	nonferrous metals	189
Pemex-Petróleos Mexicanos	16	oil & gas	189
Penhoenker & Oriental Steam Nav	489	multicompany	188
Petro-Canada	245	oil & gas	190
Petrobras-Petróleo Brasileiro SA	34	oil & gas	189
Petrofina SA	71	oil & gas	189
Petróleos de Venezuela SA	54	oil & gas	189
Peugeot Groupe SA	60	automotive	177
Philips Group	23	electrical equipment	182
Pilkington Group	487	building products	180
Pirelli Group	322	automotive	177
Pohang Iron & Steel Co Ltd	438	steel	191
Pohjola Group	226	multicompany	188
Promodès Group	303	supermarkets	192
Provigo Inc	284	food distribution	183
Prudential Corp Plc	187	insurance	186
PTT-Postes et Télécommunications	41	communications	181
Reed International Plc	384	publishing	190
Renault Group	48	automotive	177
REWE-Zentral Genossenschaft	96	cooperative	182
Rhône-Poulenc Group	130	chemicals & drugs	180
Ricoh Co Ltd	464	office equipment	189
Rio Tinto-Zinc Corp Plc	114	nonferrous metals	189
Roche/Sapac Group	270	chemicals & drugs	180
Rolls-Royce Ltd	499	aerospace & defense	177
Rothmans International Plc	295	consumer goods	182
Royal Bank of Canada	107	banking	178
Royal Dutch/Shell Group	1	oil & gas	189
Royal Insurance Plc	208	insurance	186
Repsol	139	oil & gas	190
Rubbermaid	100	retailing	191
RWE Group	82	utility	193
S Group	382	cooperative	182
Saab-Scania Group	262	automotive	177
Saarberg Group	404	mining	188
Sacilor	158	steel	191
J Sainsbury Plc	182	supermarkets	192
Saint-Gobain	102	building products	180
Salomon Bros Inc	309	banking	179
Salzgitter	343	steel	191
Samsung Group	36	multicompany	188
Sandoz Group	287	chemicals & drugs	180
Sanpaolo Group	239	banking	179
Sanwa Bank Ltd	99	banking	178
Sanyo Electric Co Ltd	129	consumer electronics	181
SAS Group	459	transportation	193
Schlumberger Ltd	133	oilfield service	190
Schweizerische PTT	298	communications	181
Seagram Co Ltd	98	beverages	180
Sears Plc	347	retailing	191
Seiyu Ltd	289	retailing	191
Seibu Group Ltd	494	construction	181
Selecta & Tanda Handels AG	93	construction	181
Sharp Corp	178	consumer electronics	182
Shimizu Construction Co Ltd	255	construction	181
Shinsho Corp	395	trading	192
Shoko Chukin Bank	390	banking	179
SHV Holdings NV	240	multicompany	188

Where to find the Forbes Foreign 500

Company	Rank	Industry	Page
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Snow Brand Milk Products Co Ltd	301	food processing	183
Société Générale Group	83	banking	178
Solvay Group	254	chemicals & drugs	180
Sony Corp	143	consumer electronics	181
South African Breweries Ltd	411	retailing	191
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
STC Group Plc	391	communications	181
Steel Authority of India Ltd	356	steel	191
Steinberg Inc	359	supermarkets	192
STL-Finnish Wholesalers & Importers	222	cooperative	182
Cie Financière Sucres et Denrées	449	commodities	181
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Life Insurance Co	92	insurance	186
Sumitomo Metal Industries Ltd	160	steel	191
Sumitomo Trust & Banking Co Ltd	375	banking	179
Sun Alliance & London Insurance Plc	321	insurance	186
Sun Life Assurance Co	277	insurance	186
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Swiss Re Group	193	insurance	186
Taisei Corp	184	construction	181
Taiwan Power Co	324	utility	193
Taiyo Fishery Co Ltd	180	food processing	183
Taiyo Kobe Bank Ltd	211	banking	179
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Tengelmann Group	70	supermarkets	192
Tesco Plc	202	supermarkets	192
Le Groupe Thomson	120	electrical equipment	182
THORN EMI Plc	233	consumer electronics	182
Thyssen Group	58	steel	191

Company	Rank	Industry	Page
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Electric Power Co	33	utility	193
Tokyo Gas Co Ltd	322	utility	193
Tokyo Sanyo Electric Co Ltd	473	electrical equipment	183
Toppan Printing Co Ltd	379	publishing	190
Toray Industries	315	textiles	192
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Toyo Seikan Kaisha Ltd	450	paper & packaging	190
Toyobo Co Ltd	500	textiles	192
Toyoda Tsusho Kaisha Ltd	147	trading	192
Toyota Motor Corp	9	automotive	177
Trafalgar House Plc	429	construction	181
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Unibanco Group	271	banking	179
Unico Pays de Loire	466	cooperative	182
Unigate Group	418	food processing	183
Unilever	14	food processing	183
Union Bank of Switzerland	238	banking	179
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
VIAG Group	221	multicompany	188
Volkswagen Group	23	automotive	177
Volvo Group	69	automotive	177
Westdeutsche Landesbank Group	227	banking	179
Westpac Group	198	banking	179
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Yasuda Fire & Marine Insurance Co Ltd	476	insurance	188
Yasuda Mutual Life Insurance Co	283	insurance	186
Yasuda Trust & Banking Co Ltd	407	banking	179
Zenkyoren	59	insurance	186
Zurich Insurance Group	195	insurance	186

The 100 largest foreign investments in the U.S.

AMERICA REMAINS a magnet for foreign capital. (If you want to know why, read the interview with Britain's Margaret Thatcher on p. 91.) Nearly $130 billion poured into the U.S. from overseas last year, a 25% increase from 1984. The trend is for an even greater increase in 1986.

Most of the foreign money ($110 billion) went into T bills, stocks, bonds and other financial assets. But an impressive $17.6 billion went toward foreign acquisitions in the U.S.

The money keeps coming in despite the fact that many foreign investments here flop (for a chilling example, see p. 140). Of the 101 foreign-owned U.S. companies in which a separate profit-and-loss statement can be broken out, 23 operations lost over $1.3 billion, all told, in the most recent fiscal year.

The largest single loss was reported by Anglo American Corp. of South Africa. Its 60%-owned Inspiration Resources, a mining and natural resources firm, lost $291.4 million on revenues of more than $1 billion. Another big loser was France's Renault, which dropped $125.3 million on its American Motors subsidiary. Britain's B.A.T Industries is unloading Gimbels and other U.S. retailing assets; Imperial Group, also of the U.K., finally sold Howard Johnson.

But as some foreign investors fade, others blossom. New to this year's list is Rupert Murdoch's News Corp., which last year spent $2.5 billion to acquire Twentieth Century-Fox, 6 Metromedia TV stations and 14 Ziff-Davis business magazines. Another Australian company, Broken Hill Proprietary, joined the list (in 93rd place) with its acquisitions: Utah International from GE, and Monsanto Oil Co. from Monsanto. If Americans sometimes lack faith in their own economy, it is quite clear that many well-heeled foreigners have a good deal of faith in it.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
1	Seagram Co Ltd*	Canada	EI du Pont de Nemours*	23%	chemicals, energy	$29,239	$1,118.0	$25,140
			Joseph E Seagram & Sons	100	alcoholic beverages	1,810	247.0	5,792
						31,049		
2	Royal Dutch/Shell Group*	Netherlands/ UK	Shell Oil	100	energy	20,477	1,650.0	26,528
			Scallop Corp	100	energy services			
			Billiton Exploration	100	metals	1,500E	NA	NA
			Billiton Metals	100	metals			
			Other companies	100	metals, coal			
						21,977E		
3	British Petroleum Plc*	UK	Standard Oil*	55	energy	13,002	308.0	18,330
			BP North America Inc	100	energy	4,871	194.1	3,470
						17,873		
4	Mitsui & Co Ltd*	Japan	Mitsui & Co (USA)	100	trading company	8,470E	30.1	2,918
			Alumax	45	aluminum	1,887	62.9	1,713
						10,357E		
5	B.A.T Industries Plc*	UK	BATUS Inc	100	multicompany	5,087	164.0	4,517
	Imasco Ltd*	Canada	Peoples Drug Stores	100	drug stores	1,327	NA	NA
			Imasco USA	100	fast food	1,094	NA	NA
	Eagle Star Holdings	UK	Eagle Star Insurance	100	insurance	61	-13.2	116
						7,569		
6	Tengelmann Group	Germany	Great A&P Tea*	53	supermarkets	6,615	56.1	1,664
7	Régie Nationale des Usines Renault	France	American Motors*	46	automotive	4,040	-125.3	2,001
			Mack Trucks*	42	automotive	2,063	-59.8	1,062
						6,103		
8	Nestlé	Switzerland	Carnation	100	food	2,500E	NA	NA
			Nestlé Enterprises	100	food, restaurants	2,500E	NA	NA
			Hills Brothers	100	coffee	415	NA	NA
			Alcon Laboratories	100	optical products	350E	NA	NA
			MJB	100	coffee	151	NA	NA
						5,916E		
9	Beneficiaries of US Philips Trust	Netherlands	North American Philips*	58	electronics	4,395	81.5	2,643
			Signetics	100	semiconductors	450E	NA	NA
						4,845E		
10	Volkswagenwerk AG*	Germany	Volkswagen of America	100	automotive	4,336	NA	NA
11	Unilever*	Netherlands	Lever Brothers	100	consumer goods	2,099	-38.5	NA
			Thomas J Lipton	100	food, beverages	1,270	80.4	778
			National Starch & Chem	100	adhesives, starch	880	66.0	634
						4,249		

*Publicly traded in the U.S. in shares or ADRs. E: Estimate. NA: Not available.
Note: Some foreign investors in the list own U.S. companies indirectly through companies in italics.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
12	**Hanson Trust Plc***	UK	Hanson Industries	100%	consumer goods	$1,850	$110.9	$1,261
			SCM	100	multicompany	2,175	41.8	1,361
						4,025		
13	**Bayer AG**	Germany	Mobay Chemical	100	chemicals	1,599	77.1	1,315
			Miles Laboratories	100	health care	1,178	20.2	961
			Agfa-Gevaert	100	photography	422	NA	NA
			Helena Chemcial Company	100	chemicals	410	NA	98
			Compugraphic Corp*	81	computer typesetting	401	22.0	330
						4,010		
14	**Bell Canada Enterpr***	Canada						
	Northern Telecom Ltd*	Canada	Northern Telecom Inc	100	telecommunications	2,878	NA	1,869
	Trans Canada Pipeline*	Canada	Great Lakes Transmission	50	gas transmission	287	25.2	373
			Northern Border Pipeline	30	gas transmission	244	58.7	1,189
						3,409		
15	**Anglo Amer of S Africa***	South Africa	Engelhard Corp*	30	metals	2,264	42.7	936
	Minerals & Resources*	Bermuda	Inspiration Resources (US)*	60	mining, chemicals	1,056	–291.4	731
	Charter Consol*	UK	National Mine Service*	51	mining equipment	62	–18.4	NA
						3,382		
16	**Générale Occidentale SA**	France	Grand Union	100	supermarkets	2,612	20.5	592
	General Oriental	Br W Indies	Crown Zellerbach	100	timber, containers	592	NA	NA
						3,204		
17	**Mitsubishi Corp***	Japan	Mitsubishi Intl Corp	100	trading company	2,950E	NA	NA
18	**Electrolux AB***	Sweden	White Consolidated	100	appliances	1,946	34.1	1,140
			Dometic Inc	100	appliances	891	NA	439
						2,837		
19	**Franz Haniel & Cie**	Germany	Scrivner Inc	100	food distribution	2,800	NA	NA
20	**BASF Group**	Germany	BASF Corporation	100	chemicals	2,568	39.0	2,277
21	**Group Bruxelles Lambert**	Belgium	Drexel Burnham Lambert	26	finance	2,500	350.0E	33,051
22	**Hongkong & Shanghai Banking Corp***	Hong Kong	Marine Midland Banks*	51	banking	2,495	125.1	23,386
23	**Canadian Pacific Ltd***	Canada	Canadian Pacific Ltd USA	100	agricultural prods, minerals	774	NA	1,448
			Soo Line Corp*	56	railroad	618	–8.7	1,138
	AMCA Intl Ltd*	Canada	AMCA US	100	industrial machinery	1,096	NA	544
						2,488		
24	**Crédit Suisse**	Switzerland	First Boston*	34	investment banking	2,452	130.3	45,531
25	**Petrofina SA**	Belgium	American Petrofina*	82	energy	2,409	–10.2	1,817
26	**Elf Aquitaine Group**	France	Elf Aquitaine Inc	100	multicompany	2,215	NA	3,478
			Other companies	50-100	chemicals, drugs, bldg materials	165E	NA	NA
						2,380E		
27	**CIBA-GEIGY Ltd**	Switzerland	CIBA-GEIGY Corp	100	chemicals, drugs	2,363	NA	NA
28	**Delhaize "Le Lion" SA**	Belgium	Food Lion*	51	supermarkets	1,866	47.6	440
			Food Giant	100	supermarkets	482	–9.5	56
						2,348		
29	**Total CFP**	France						
	Total Petrol NA Ltd*	Canada	Total Petroleum Inc	100	energy	2,325	76.8	811
30	**George Weston Ltd***	Canada	Eastern Fine Paper	100	paper products			
			Interbake Inc	100	bakery	438	NA	
			Stroehmann Bakeries	100	bakery			504
	Loblaw Cos*	Canada	Peter J Schmitt	100	food wholesaling	1,657	NA	
			National Tea	100	supermarkets			
						2,095		
31	**Nippon Kokan***	Japan	National Steel	50	steel	2,082	–88.4	1,737
32	**Imperial Chemical Industries Plc***	UK	ICI Americas	100	chemicals, drugs	1,600E	NA	NA
			Advanced Materials	100	chemicals	400	NA	NA
			ICI Specialty Chemicals	100	chemicals			
						2,000E		

*Publicly traded in the U.S. in shares or ADRs. E: Estimate. NA: Not available.
Note: Some foreign investors in the list own U.S. companies indirectly through companies in italics.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)
33	Brascan Ltd*	Canada					
	*Noranda Mines Ltd**	Canada	Noranda Inc*	100%	aluminum	$1,053	NA
	*MacMillan Bloedel**	Canada	MacMillan Bloedel	100	forest products	946	NA
						1,999	
34	Schlumberger NV*	Neth Antilles	Schlumberger Technology	100	oilfield svc, electronics	1,983	NA
35	Alcan Aluminium Ltd*	Canada	Alcan Aluminum	100	aluminum	1,957	$42.0
36	Siemens AG*	Germany	Siemens Communication	100	telecommunications		
			Siemens Components	100	electronic components		
			Siemens Info Systems	100	office equipment	1,862	-28.0
			Siemens Medical Systems	100	medical equipment		
			Other companies	100	communications		
37	Rio Tinto-Zinc Plc*	UK	US Borax & Chemical	100	mining, chemicals		
			Penn Glass Sand	100	glass	<1,382	NA
			Commonwealth Aluminum	35	aluminum		
	RTZ Pillar Ltd	UK	Indal US	61	building materials	406	NA
						1,788	
38	Dalgety Plc	UK	Martin-Brower Co	100	distribution		
			Modern Maid Food	100	food products	1,778	NA
			Pig Improvement Co	100	pig breeding		
39	Royal Insurance Plc	UK	Royal USA	100	insurance	1,737	31.6
40	Hoechst AG*	Germany	American Hoechst	100	chemicals	1,660	5.7
41	Barclays Plc	UK	BarclaysAmericanCorp	100	financial services	501	-35.2
			Barclays Bank NY	100	banking	1,121	9.7
			Barclays Bank Calif	100	banking		
						1,622	
42	Vendex International	Netherlands	Dillard Dept Stores*	44	retailing	1,601	66.9
43	Ahold NV	Netherlands	BI-LO	100	supermarkets	1,085	NA
			Giant Food Stores	100	supermarkets	483	NA
						1,568	
44	Henkel KGaA	Germany	Clorox	23	household products	1,055	86.1
			Loctite Corp	26	chemicals	231	NA
			Henkel Corp	100	chemicals	209	NA
			Amchem Products	100	chemicals	54	NA
						1,549	
45	Thyssen Group	Germany	Budd Co	100	auto parts	1,377	NA
			Transit America	100	railroad cars	158	NA
						1,535	
46	Grand Metropolitan Plc*	UK	GrandMet USA	100	multicompany	1,486	81.1
47	BTR Plc*	UK	BTR Inc	100	energy, industrial equip	1,450E	NA
48	Volvo AB*	Sweden	Volvo White Truck	100	automotive	751	18.0
			Hamilton Oil Corp*	50	energy	278	26.5
			Clark Michigan Co	25	automotive	411	-15.0
						1,437	
49	Moore Corp Ltd*	Canada	Moore Business Forms	100	business forms	1,425	NA
50	Crownx	Canada	Crown Life Insurance	94	insurance	1,100E	34.0E
			Extendicare Group	100	health care	210E	NA
			Crowntek	100	information technology	74E	NA
						1,384E	
51	Sun Life Assurance Co of Canada	Canada	Sun Life (US)	100	insurance		
			Suncan Equity Services	100	financial services	851	-4.1
			Sun Benefit Services	100	financial services		
			Mass Financial Services	100	financial services	500E	NA
						1,351E	
52	Genstar Corporation*	Canada	Genstar USA	100	bldg materials, RE dev	1,164	NA
			Genstar Mortgage	100	financial services	176	NA
						1,340	

*Publicly traded in the U.S. in shares or ADRs. E: Estimate. NA: Not available.
Note: Some foreign investors in the list own U.S. companies indirectly through companies in italics.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	A (m
53	Power Corp of Canada	Canada	Great-West Life Assur	96%	insurance	$1,317	$13.7	
54	Sanyo Electric Co Ltd*	Japan	Fisher Corp	70	audio equipment	866	NA	
			Sanyo Manufacturing	74	electronics, appliances	389	2.0	
			Sanyo E&E	48	electronics, appliances	48	NA	
						1,303		
55	Daimler-Benz Group	Germany	Freightliner	100	automotive	1,302	NA	
56	Alusuisse	Switzerland	Consolidated Aluminum	100	aluminum	6508		
			Maremont	100	auto parts	465		
			Lonza	100	chemicals		-83.0	
			Roval	100	aluminum cans	186		
			Flexible Packaging	100	foil conversion			
						1,301E		
57	Ultramar Plc*	UK	Ultramar America Ltd	100	energy	1,299	NA	
58	BOC Group Plc*	UK	BOC Group, Inc	100	gases	1,224	NA	
			Mountain Medical Equip*	52	medical equipment	36	2.2	
						1,260		
59	Commercial Union Assurance Plc	UK	Commercial Union Ins	100	insurance	1,250	-160.1	
60	Soban SA	Switzerland						
	Republic Holding SA	*Luxembourg*	Republic NY Corp*	33	banking	1,245	122.1	
61	Montedison Group	Italy	Himont	100	chemicals	900	52.5	
			Compo Industries	86	chemicals	168	-4.5	
			Erbamont*	72	pharmaceuticals	168	8.5	
						1,281		
62	Nationale-Nederlanden	Netherlands	Nationale-Nederlanden US	100	insurance	1,209	35.1	
63	Manufacturers Life Insurance Co	Canada	Manufacturers Life Ins	100	insurance	1,200E	NA	
64	First City Financial Corp	Canada	FCI Robertson*	21	construction	614	-32.0	
			Scovill Inc	100	bldg materials, appliances	554	2.0	
						1,168		
65	General Accident Fire & Life Plc	Scotland	Gen Accident Ins Amer	100	insurance			
			Camden Fire Insurance	100	insurance	1,152	101.7	
			Penn General Insurance	100	insurance			
			Potomac Ins of Illinois	100	insurance			
66	Saint-Gobain	France	CertainTeed Corp	57	building materials	1,110	53.4	
67	Beecham Group Plc*	UK	Beecham	100	drugs, consumer prods			
			Beecham Cosmetics	100	cosmetics, fragrances	1,100	NA	
			Beecham Home Improve	100	home improvement			
67	General Electric Plc*	UK	Picker International	80	medical equipment	700E	NA	
			AB Dick	100	office equipment	400E	NA	
						1,100E		
69	United Biscuits (Holdings) Plc	UK	Keebler	100	bakery	982	NA	
			Specialty Brands	100	food products	86	NA	
						1,068		
70	Sandoz Ltd	Switzerland	Sandoz United States Inc	100	multicompany	1,059	NA	
71	Lasmo Holdings	Mideast	Smith Barney	33	financial services	1,015	NA	
72	Roche/Genac	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,000E	NA	
72	Kuwait Petroleum	Kuwait	Santa Fe Ind (ETC)	100	energy	1,000E	NA	
74	AEGON NV*	Netherlands	Life Investors*	81	insurance	888	44.0	
			National Life Ins	100	insurance	96	22.0	
						984		
75	SNECMA	France	CFM International Inc	50	aviation	972	2.2	
76	Bank of Tokyo Ltd*	Japan	California First Bank*	77	banking	550	25.6	
			Bank of Tokyo Trust	100	banking	415	25.5	
						965		

*Publicly traded in the U.S. in shares or ADRs. E: Estimate. NA: Not available.
Note: Some foreign investors in the list own U.S. companies indirectly through companies in italics.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
77	Canada Development Corp	Canada	Savin Corp*	67%	office equipment	$430	$–102.7	$223
			Other companies	100	energy	530	NA	482
						960		
78	Winterthur Swiss Insurance	Switzerland	Republic Finl Services	100	insurance	956	NA	1,200
79	Consolidated Gold Fields Plc*	UK	Newmont Mining*	26	mining	684	–36.4	2,095
			Gold Fields American	100	natural resources	261	–71.0	825
						945		
80	National Westminster Bank Plc	UK	Nati Westminster Bank US	100	banking	921	54.6	9,796
81	Bank of Montreal	Canada	Harris Bankcorp	100	banking	915	57.5	9,245
82	TBG Holdings NV	Netherlands	Electrical Sciences Inc	100	electrical products			
			InCon Packaging Inc	100	containers			
			Info Technology Group	100	electronic information	900E	NA	NA
			Metalink	100	metal products			
			Sterling Fluid Products	100	pumps			
83	Olympia & York Developments Ltd	Canada	Landmark Land*	25	recreation	228	15.8	1,658
	Trizec	Canada	Rouse*	20	property dev, banking	247	9.7	1,191
	Gulf Canada	Canada	Abitibi-Price	90	forest products	413	NA	194
						888		
84	NV AMEV	Netherlands	AMEV Holdings Inc	100	insurance	879	64.0	1,785
85	Fujitsu Ltd*	Japan	Amdahl Corp*	47	electronics	862	24.4	907
86	Honda Motor Co Ltd*	Japan	Honda of America Mfg	100	automotive	850E	NA	NA
87	Otto Versand	Germany	Spiegel Inc	100	catalog retailing	848	13.0	687
88	News Corporation Ltd*	Australia	News America	100	media	839	NA	1,277
89	IFI International SA	Luxembourg	Moog Automotive	100	auto parts			
			Chicago Rawhide	100	auto parts	660E	NA	NA
			Incom International	100	industrial components			
			RC Cement	20	cement	160	NA	NA
						820E		
90	Northern Foods Plc	UK	Prestige Foods	100	meat products	813	NA	234
			Keystone Foods	80	meat and poultry			
90	J Sainsbury Plc*	UK	Shaw's Supermarkets	21	supermarkets	812	11.3	152
92	Sobey Parties	Canada	Hannaford Brothers*	26	food distribution	807	14.4	220
93	Swiss Reinsurance Co	Switzerland	SwissRe Life Insurance	100	insurance	330	–55.6	787
			North Am Reinsurance	100	insurance	266	–51.1	681
			North Am Reassurance	100	insurance	105	–15.4	552
			Other companies	100	insurance	106	12.6	431
						807		
94	Broken Hill Proprietary	Australia	Utah International	100	energy, mining	600E	NA	NA
			Monsanto Oil Company	100	energy	200E	NA	NA
						800E		
95	Standard Chartered Bank Group	UK	Union Bank	100	banking	765	47.1	9,038
96	Pilkington Brothers Plc	UK	LOF Glass	100	glass	690	NA	375
			Other companies	25-100	electro-optics	71	NA	NA
						761		
97	Six European Banks	6 countries	European Amer Bancorp	100	banking	753	10.2	6,655
98	Johnson Matthey Plc	UK	Johnson Matthey Inc	100	printing, refining	750	7.3	431
99	Zurich Insurance Group	Switzerland	Zurich-American Ins	100	insurance	735	–19.6	1,463
100	Promodès	France	Red Food Stores	100	supermarkets	451		
			Houchens	100	supermarkets	208	8.9	165
			Prairie	100	supermarkets	56		
						715		

*Publicly traded in the U.S. in shares or ADRs. E: Estimate. NA: Not available.
Note: Some foreign investors in the list own U.S. companies indirectly through companies in italics.

The 100 largest U.S. multinationals

Another difficult year was 1985 for FORBES' 100 largest U.S. multinational corporations. The group's total foreign sales, $409 billion last year, was $16.2 billion less than the year before. Foreign operating profits also fell, by 3.3%, to $26.4 billion. Add these lackluster foreign results to limp domestic results, and the aggregate profits of the country's 100 biggest multinationals dropped from $88 billion in 1984 to $77 billion last year.

Most woes stemmed from the dollar, overvalued until the Group of Five's currency intervention was announced Sept. 22, and from sluggish foreign economies, neither of which executives could do much about. Against this background, the ability of IBM, General Motors and 49 other multinationals on our list to increase their overseas revenues last year was the more impressive. Gillette boosted its foreign sales by $189 million, jumping from 83rd place on last year's ranking to 71st place below.

For Big Oil, the dollar was only one problem. The other was falling energy prices, which helped cut the foreign revenues for all but 4 (Mobil, Amoco, Phillips and Atlantic Richfield) of the 11 oils on the list. Exxon lost $4 billion in foreign sales, but remains first on our list by a wide margin. But Chevron dropped from fourth place on last year's list to eighth place on this year's. Fluor, the troubled construction outfit that made lots of money during OPEC's building heyday, dropped off the list altogether. So did Avon Products, thanks to a buyout and restructuring.

Merger mania also helps explain new faces on this year's list. Six multinationals from last year's list became three as R.J. Reynolds and Nabisco merged to form RJR Nabisco; Allied Corp. and Signal Cos. became Allied-Signal; and Philip Morris acquired General Foods. New on the list: Dresser Industries, Rockwell International, Abbott Laboratories, PPG Industries, American Standard and Westinghouse.

The outlook for next year? Partly sunny. A recession is possible; and energy prices are likely to remain depressed, therefore suggesting no rebound for the oils. But the beneficial effects of the dollar's correction are beginning to work through the system.

Short of a nasty trade war—still a possibility despite the Administration's subtle handling so far—the multinationals most hurt by the effects of the strong dollar stand to benefit most now that it has corrected.

1985 rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign revenue as % of total	Foreign operating profit (millions)	Total operating profit (millions)	Foreign operating profits as % of total	Foreign assets (millions)	Total assets (millions)	Foreign assets as % of total
1	Exxon	$59,067	$86,673	68.1%	$3,530[1]	$5,603[1]	63.0%	$30,049	$69,160	43.4%
2	Mobil	32,678[1]	57,111[1]	57.2	1,317[1]	1,040[1]	126.6	18,867	41,752	45.2
3	Texaco	21,864	46,297	47.2	876[1]	1,864[1]	46.9	11,142	37,703	29.6
4	IBM	21,545	50,056	43.0	3,084[1]	6,555[1]	47.0	21,733	52,634	41.3
5	General Motors	16,167	96,372	16.8	419[1]	3,999[1]	10.5	18,570	62,643	29.3
6	Ford Motor	15,995	52,774	30.3	527[1]	2,515[1]	21.0	15,725	31,366	50.1
7	Salomon	15,100	27,896	54.1	286[1]	557[1]	51.3	7,800	88,601	8.8
8	Chevron	12,722	41,742	30.5	765[1]	1,547[1]	49.5	9,165	38,899	23.6
9	Citicorp	10,600[6]	22,504	47.1	545[1]	998[1]	54.6	78,259[6]	160,505[6]	48.8
10	El du Pont de Nemours	10,551[7]	29,239[7]	36.1	356[4]	1,574[4]	22.6	7,546	25,140	30.0
11	ITT	7,754	20,007	38.8	164[1]	294[1]	55.8	11,745	37,849	31.0
12	Dow Chemical	6,326	11,537	54.8	382	637	60.0	5,509	11,830	46.6
13	Amoco	5,984[2,3]	27,258[3]	22.0	785[3]	1,953[3]	40.2	6,520	25,198	25.9
14	BankAmerica	5,144	13,390	38.4	-420[3]	-337[3]	124.6	41,882[6]	118,974[6]	35.2
15	Chase Manhattan	5,024	9,738	51.6	194[3]	565[3]	34.3	47,830	87,685	46.6
16	Safeway Stores	4,261	19,651	21.7	113[3]	231[3]	48.9	1,110	4,841	22.9
17	JP Morgan	3,684	6,575	56.0	335[3]	705[3]	47.5	32,476	69,375	46.8
18	Procter & Gamble	3,625	13,552	26.7	96[3]	635[3]	15.1	1,946	9,683	20.1
19	Occidental Petroleum	3,619[2]	15,644[2]	23.1	132[3]	455[3]	29.0	2,667	11,586	23.0
20	RJR Nabisco	3,262[5]	13,533	24.1	398	2,246	17.7	4,347	16,930	25.7

[1]Net income before special items. [2]Includes other income. [3]Net income. [4]Operating income after taxes. [5]Estimate. [6]Average assets. [7]Includes foreign excise taxes. [8]Includes proportionate interest in unconsolidated subsidiaries or investments. [9]Income from continuing operations. [10]Includes U.S. exports. [11]Pretax income. [12]Profit before interest and after taxes. [13]Excludes Canada. [14]Profit before equity in net income of unconsolidated subsidiaries. D–P: Deficit over profit. P–D: Profit over deficit. NA: Not available.

General note: 1986 data were used for those February and March companies that reported before press time.

The 100 largest U.S. multinationals

1985 rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign revenue as % of total	Foreign operating profit (millions)	Total operating profit (millions)	Foreign operating profits as % of total	Foreign assets (millions)	Total assets (millions)	Foreign assets as % of total
21	Eastman Kodak	$3,239	$10,631	30.5%	$167	$561	29.8%	$3,262	$12,135	26.9%
22	Xerox[8]	3,187	11,736	27.2	152[9]	381[9]	39.9	3,926	17,163	22.9
23	Goodyear	3,148	9,585	32.8	177	640	27.7	2,320	6,954	33.4
24	Phillips Petroleum	3,125	15,636	20.0	1,339	2,729	49.1	2,687	14,045	19.1
25	General Electric	3,112[2]	29,272[2]	10.6	101[3]	2,336[3]	4.3	3,809	26,432	14.4
26	Coca-Cola	2,996	7,904	37.9	611	1,045	58.5	1,727	6,898	25.0
26	United Technologies	2,996	14,992	20.0	116[3]	313[3]	37.1	2,780	10,528	26.4
28	Sears, Roebuck	2,905	40,715	7.1	25[3]	1,303[3]	1.9	1,917	66,417	2.9
29	Hewlett-Packard	2,809[10]	6,505	43.2	331[11]	758[11]	43.7	1,797	5,680	31.6
30	Manufacturers Hanover	2,808	8,385	33.5	124[3]	407[3]	30.5	27,361	76,526	35.8
31	American Express	2,749	11,850	23.2	316	1,427	22.1	18,295	74,777	24.3
32	Tenneco	2,665	15,270	17.5	202	1,496	13.5	3,387	20,437	16.6
33	Union Carbide	2,632	9,003	29.2	272	826	32.9	3,054	10,581	28.9
34	Dart & Kraft	2,625	9,942	26.4	289	998	29.0	1,416	5,502	25.7
35	Digital Equipment	2,608	6,686	39.0	305	450	67.8	2,254	6,369	35.4
36	Minn Mining & Mfg	2,594	7,846	33.1	332	1,150	28.9	1,874	6,593	28.4
37	Pan Am Corp	2,591	3,484	74.4	50	–182	P–D	NA	2,448	NA
38	Bankers Trust New York	2,551	4,699	54.3	167[3]	371[3]	45.0	28,428	50,581	56.2
39	Sun Co	2,534[2]	14,410[2]	17.6	19[12]	644[12]	3.0	3,052	12,923	23.6
40	Chrysler	2,488	21,256	11.7	257[11]	2,370[11]	10.8	2,062	12,582	16.4
41	CPC International	2,445	4,210	58.1	199	359	55.4	1,735	3,017	57.5
42	Johnson & Johnson	2,431	6,421	37.9	237[9]	614[3]	38.6	1,968	5,095	38.6
43	Colgate-Palmolive	2,354	4,524	52.0	133	329	40.4	1,008	2,814	35.8
44	FW Woolworth	2,310	5,956	38.8	126	409	30.8	981	2,535	38.7
45	American Intl Group	2,253[13]	5,782	39.0	364[10]	391	93.1	5,948[13]	15,571	38.2
46	Burroughs	2,203	5,038	43.7	273	601	45.4	1,799	4,556	39.5
47	GTE	2,169	15,732	13.8	101[3]	–161[3]	P–D	3,405	26,558	12.8
48	Atlantic Richfield	2,138	21,723	9.8	96[9]	333[9]	28.8	1,815	20,279	9.0
49	Allied-Signal	2,047	9,115	22.5	129[9]	–279[9]	P–D	1,694	13,271	12.8
50	American Brands[8]	2,007	5,616	35.7	173	898	19.3	1,672	8,371	20.0
51	NCR	1,965	4,317	45.5	178	399	44.4	1,328	3,940	33.7
52	Monsanto	1,923	6,747	28.5	216	351	61.5	1,670	8,877	18.8
53	K mart[8]	1,886	23,421	8.1	40[9]	471[9]	8.5	706	10,102	7.0
54	Chemical New York	1,872	5,651	33.1	116[3]	390[3]	29.7	18,619	56,990	32.7
55	Mapco	1,818	5,443	33.4	76	200	38.0	1,046	4,370	23.9
56	Unocal	1,781[2]	11,059[2]	16.1	80[3]	325[3]	24.6	1,585	10,797	14.7
57	Philip Morris	1,779	12,149	14.6	146	2,686	5.4	2,752	17,429	15.8
58	Sperry	1,698	5,741	29.6	286	542	52.8	1,320	5,890	22.4
59	Pfizer	1,682	4,025	41.8	298	929	32.1	1,763	4,463	39.5
60	Honeywell	1,647	6,625	24.9	101[3]	282[3]	35.8	1,736	5,034	34.5

[1]Net income before special items. [2]Includes other income. [3]Net income. [4]Operating income after taxes. [5]Estimate. [6]Average assets. [7]Includes foreign excise taxes. [8]Includes proportionate interest in unconsolidated subsidiaries or investments. [9]Income from continuing operations. [10]Includes U.S. exports. [11]Pretax income. [12]Profit before interest and after taxes. [13]Excludes Canada. [14]Profit before equity in net income of unconsolidated subsidiaries. D–P: Deficit over profit. P–D: Profit over deficit. NA: Not available.

General note: 1986 data were used for those February and March companies that reported before press time.

The 100 largest U.S. multinationals

1985 rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign revenue as % of total	Foreign operating profit (millions)	Total operating profit (millions)	Foreign operating profits as % of total	Foreign assets (millions)	Total assets (millions)	Foreign assets as % of total
61	Trans World Airlines	$1,610	$3,725	43.2%	$-19	$-217[7]	8.8%	1,206	2,769	43.6%
62	Merck	1,589	3,548	44.8	214	853	25.1	1,791	4,902	36.5
63	Coca-Cola	1,510	8,117	18.6	109[11]	348[11]	31.3	1,143	3,216	35.5
64	Cigna	1,506	16,197	9.3	–44	–855	5.1	5,087	44,736	11.4
65	Bank of Boston	1,500[2]	3,436	43.7	2[3]	174[3]	1.7	7,214[6]	23,815[6]	30.7
66	Scott Paper[8]	1,454	4,068	35.7	47[3]	201[3]	23.4	1,324	4,245	31.2
67	Caterpillar	1,445	6,725	21.5	–16	513	D–P	1,273	6,016	21.2
68	Texas Instruments	1,418	4,924	28.8	–4[11]	–115[11]	3.5	949	3,076	30.9
69	Halliburton	1,400	4,781	29.3	59	89	66.3	1,156	4,662	24.8
70	HJ Heinz	1,386	4,048	34.2	155	491	31.6	883	2,474	35.7
71	Gillette	1,375	2,400	57.3	233	380	61.3	1,182	2,423	48.7
72	First Chicago	1,346	4,370	30.8	–85[3]	169[3]	D–P	11,888	38,993	30.6
73	WR Grace	1,320	5,198	25.4	188	401	46.9	890	5,411	16.4
74	Bristol-Myers	1,315	4,444	29.6	213	890	23.9	1,020	3,721	27.4
75	TRW	1,260	5,917	21.3	137	480	28.5	993	3,735	26.6
76	Aluminum Co of America[8]	1,223	5,805	21.1	52[14]	21[14]	247.6	2,403	7,409	32.4
77	Deere	1,219	4,061	30.0	50	93	53.8	920	5,462	16.8
78	Control Data	1,209	4,810	25 1	50	–124	P–D	1,732	8,565	20.2
79	Warner-Lambert	1,162	3,200	36.3	286	559	51.2	819	2,358	34.7
80	Enron	1,142	10,253	11.1	85	620	13.7	810	9,893	8.2
81	Kimberly-Clark	1,135	4,073	27.9	67[3]	267[3]	25.1	1,053	3,304	30.1
82	Amerada Hess	1,128	7,653	14.7	119[3]	–260[3]	P–D	1,639	6,219	26.4
83	Dresser Industries	1,088	4,111	26.3	88	–95	P–D	890	3,225	27.6
84	Firestone	1,063	3,836	27.7	91	145	62.8	772	2,528	30.5
85	Continental Illinois	1,062	2,880	36.9	7[3]	134[3]	5.2	10,107[6]	28,300[6]	35.7
86	SmithKline Beckman	1,055	3,257	32.4	174	740	23.5	1,035	3,733	27.7
87	American Home Products	1,048	4,685	22.4	209	1,211	17.3	673	3,395	19.8
88	American Cyanamid	1,047	3,536	29.6	78[3]	129[3]	60.5	744	3,405	21.9
89	Security Pacific	1,045	5,537	18.9	68[3]	323[3]	21.1	11,851	53,503	22.2
90	Eli Lilly	1,039	3,271	31.8	204[11]	797[11]	25.6	1,097	3,954	27.7
91	Hercules[8]	1,035	3,146	32.9	121	201	60.2	1,023	1,937	34.2
92	Continental Corp	1,031	5,092	20.2	1	–259	P–D	2,656	11,495	23.1
93	Rockwell International	957	11,338	8.4	122	1,178	10.4	965	7,333	13.4
94	PepsiCo	952	8,057	11.8	67	859	7.8	1,054	5,861	18.0
95	Abbott Laboratories	950	3,360	28.3	151	754	20.0	734	3,469	21.2
96	PPG Industries	934	4,346	21.5	54	617	8.8	967	4,084	23.7
97	American Standard	930	2,912	31.9	119	235	50.6	649	2,269	28.6
98	Quaker Oats	927	3,520	26.3	77	376	20.5	449	1,842	24.4
99	Irving Bank	906	2,028	44.7	64[3]	116[3]	55.2	9,310[5]	21,651	43.0
100	Westinghouse Electric	904	10,700	8.4	67	742	9.0	684	9,682	7.1

[1]Net income before special items. [2]Includes other income. [3]Net income. [4]Operating income after taxes. [5]Estimate. [6]Average assets. [7]Includes foreign excise taxes. [8]Includes proportionate interest in unconsolidated subsidiaries or investments. [9]Income from continuing operations. [10]Includes U.S. exports. [11]Pretax income. [12]Profit before interest and after taxes. [13]Excludes Canada. [14]Profit before equity in net income of unconsolidated subsidiaries. D–P: Deficit over profit. P–D: Profit over deficit. NA: Not available.

General note: 1986 data were used for those February and March companies that reported before press time.

100 U.S.-traded foreign stocks

INVESTORS INTERESTED in international equity diversification can buy into any of the dozens of U.S.-registered open- and closed-end mutual funds specializing in foreign securities. Or, with more hassle and risk, they can directly buy individual stocks on other countries' exchanges. A third alternative—picking individual foreign issues that trade in U.S. markets—might make most sense, combining the relative safety of the funds with the higher risk/reward quotient of direct overseas investing.

Following is a list of 100 publicly owned foreign companies that are widely traded in the U.S. on the New York or American stock exchanges or over-the-counter. In some cases the shares that trade here are identical to those that trade in the companies' home markets. France's Club Med and the Netherlands' Royal Dutch Petroleum are examples. The buyer or his broker takes delivery of the certificates, just as he would a share of GM.

For 61 of the 100 issues, however, investors are buying American Depositary Receipts. ADRs are issued by U.S. banks that hold the corresponding share certificates in their vaults overseas. ADRs, in other words, are claims of ownership rather than actual stock certificates.

Remember that in many cases the ADR claim is not on a single share but on a bundle of shares. Each ADR for Japan's highly successful retailer Ito-Yokado (FORBES, *June 2*), for example, is backed by four Ito-Yokado common shares. That's a good thing to recall when comparing the price for Ito-Yokado (recently 3,930 yen, or $24, a share in Tokyo) with the price of Ito-Yokado's ADRs (recently $94, up from $42.25 a year ago).

The big questions, of course, are where the dollar is heading and whether overseas markets will continue to perform as well as they have over the last year or two. "A year ago you could have bought a group of 100 foreign stocks and then gone out to play golf," says Gavin Dobson, vice president of Kemper International Fund. "Now you've got to be more selective because the foreign markets have gone up so much."

Dobson likes Hong Kong because the Hong Kong dollar is pegged to the U.S. dollar and so has dropped sharply against the yen and the deutsche mark. "Hong Kong," he says, "was already one of the most efficient exporters in the world, and the decline in its currency will make the country unbeatable." He also believes the U.K. and West Germany will have real GNP growth of about 3% a year, after inflation, for the next few years.

Exch	Company/business	Corporate headquarters	Price recent	Price 52-week high – low	Latest 12-mos EPS	P/E	Dividend	Yield
o	Advanced Semi Mtls Intl NV/eq to mfr semicon	Netherlands	9⅛	14⅛– 7⅛	$–2.00	NM	$0.00	—
a	Alliance Tire & Rubber/tire & rubber	Israel	2⅛	2⅛– 1⅛	–1.06	NM	0.00	—
a	Amer Israeli Paper Mills/paper prod	Israel	13⅛	14⅜– 6⅛	1.93	6.8	0.30	2.3%
o	Assco Reinsurance/insurance	Bermuda	2⅛	3⅜– ⅛	–0.65	NM	0.00	—
o	•Anglo Amer Cp S Afr/gold, diamonds	South Africa	10⅞	16½– 8⅛	2.04	5.3	0.54	5.0
o	•Anglo Amer Gol $ Inv/invest co	South Africa	5⅛	9⅜– 4⅛	0.77	7.3	0.51	9.1
n	ASA Limited/closed-end invest co	South Africa	33½	51⅜– 32⅜	2.26	14.8	2.25	6.7
a	Atlas Cons Min & Devel/copper & gold	Philippines	½	1⅛– ⅜	–0.82	NM	0.00	—
n	•Banco Central SA/bank	Spain	23	25½– 9	1.40	16.4	0.67	2.9
a	•BAT Industries/tobacco, paper prods	UK	6⅛	6⅞– 3⅛	0.66	9.5	0.19	3.0
o	•Beecham Group/drugs, food process	UK	6	6½– 4	0.32	18.8	0.17	2.8
n	Benguet/gold and copper, machinery	Philippines	3¼	6⅛– 3⅛	–0.23	NM	0.00	—
o	•Blyvooruitzicht Gold Min/gold, uranium	South Africa	4⅛	6⅞– 3⅛	1.21	3.6	0.65	14.9
o	•Bowater Industries/paper products	UK	4⅛	5⅛– 3⅛	0.26	18.8	0.16	3.3
o	Briland/oil, gas exploration	Australia	1⅛	5 – ½	–0.09[1]	NM	0.00	—
n	•British Petroleum/integrated oil	UK	35½	36⅛– 27⅛	3.86	9.2	2.45	6.9
n	•British Telecom/telecomm	UK	35⅞	44 – 34	2.15	16.7	1.20	3.3
o	•Broken Hill Prop/steel, oil & gas prod	Australia	12	12⅛– 7⅛	0.98	12.2	0.40	3.3
o	•Buffelsfontein Gold Mining/gold, uranium	South Africa	18⅞	38⅛– 17⅛	13.35	1.4	3.51	18.6
o	•Burmah Oil/oil	UK	5⅛	5⅛– 3⅛	0.45	12.8	0.33	5.7

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. •American Depositary Receipts. NM: Not meaningful. [1]1984 EPS.

100 U.S.-traded foreign stocks

Exch	Company/business	Corporate headquarters	Price recent	Price 52-week high – low	Latest 12-mos EPS	P/E	Dividend	Yield
o	•Cadbury Schweppes/food processing	UK	28	28⅛ – 18¼	$1.34	20.9	$1.02	3.6%
o	•Canon/precision instruments	Japan	31⅛	34¼ – 18¼	1.47	21.3	0.27	0.9
n	Club Med/resorts	BWI	29¾	32¼ – 20	1.08	27.5	0.20	0.7
o	Challenger Intl/oil	Bermuda	5	9 – 4½	–2.74	NM	0.20	4.0
n	Commodore Intl/computer equip	Bahamas	6½	12⅞ – 4¾	–8.11	NM	0.00	—
a	•Courtaulds/textiles	UK	4⅛	4¾ – 1⅝	0.41	10.1	0.07	1.7
o	•De Beers Cons Mines/diamonds	South Africa	6½	7⅞ – 3⅜	1.12	5.8	0.20	3.1
o	•Driefontein Consolidated/gold	South Africa	13⅜	26 – 12⅛	2.20	6.1	1.27	9.5
o	ECI Telecom/telecommunications	Israel	3⅜	13 – 3⅜	–1.11	NM	0.00	—
o	•Elan/biotechnology	Ireland	15⅛	15½ – 6⅜	0.01[1]	NM	0.00	—
o	Elbit Computers/computer equip	Israel	8⅛	10⅜ – 6⅞	1.40	6.0	0.00	—
o	Elron Electronic Inds/cmptr & med equip	Israel	6¼	10½ – 6¼	–1.51	NM	0.00	—
n	Elscint/precision instruments	Israel	2⅛	5⅛ – 1⅞	–3.08	NM	0.00	—
n	Erbamont NV/drugs	Neth Antilles	30	33⅜ – 11¼	1.32	22.7	0.40	1.3
o	•LM Ericsson Tel/telecomm	Sweden	35	42¼ – 23¼	1.99	17.6	1.06	3.0
a	Etz Lavud/wood and plastic products	Israel	13	31½ – 8½	0.04[1]	NM	0.11	0.9
o	•Fisons/drugs	UK	36	36½ – 17¼	1.40	25.7	0.37	1.0
o	•Fuji Photo Film/photo products	Japan	33	34⅞ – 14⅜	1.66	19.9	0.09	0.3
o	•Gambro AB/health care equip	Sweden	13⅜	17¾ – 8¼	0.03	NM	0.04	0.3
o	•Glaxo Holdings/drugs, food, med equip	UK	16½	17⅝ – 7⅞	0.49	33.7	0.19	1.2
o	Gotaas Larsen Shipping/maritime	Bermuda	30	31¼ – 13	1.70	17.6	0.20	0.7
n	•Hitachi/electrical equipment	Japan	52¼	57⅛ – 26½	2.89	18.1	0.62	1.2
n	•Honda Motor/autos, motorcycles	Japan	70½	75⅛ – 50⅜	8.26	8.5	0.47	0.7
o	•Huntington Intl Holdings/lab services	UK	23½	23½ – 10¼	1.10	21.4	0.00	—
o	•IDB Bankholding/bank holding	Israel	50	50 – 38	0.97	51.5	0.00	—
o	IIS Intelligent Info Sys/cmptr equip	Israel	4⅛	6½ – 3½	0.61	6.8	0.10	2.4
n	•Imperial Chemical Inds/chemicals	UK	58½	61 – 34⅛	4.98	11.7	2.72	4.7
a	•Imperial Group/tobacco, food, brew	UK	5¼	5⅝ – 2¼	0.32	16.0	0.15	2.9
o	•Instrumentarium/health care equip	Finland	14¼	15½ – 5⅜	1.29	11.0	0.19	1.3
o	Intl Capital Equip/financial services	Bermuda	6⅜	8¼ – 3¼	–0.19	NM	0.00	—
o	InterPharm Labs/biotechnology	Israel	5½	6¼ – 3⅛	0.04	NM	0.00	—
o	•Ito-Yokado/retail	Japan	94	99⅛ – 40⅞	1.21	NM	0.35	0.4
o	•Jaguar/automobiles	UK	8	8⅛ – 4½	0.70	11.4	0.10	1.3
n	KLM Royal Dutch Airlines/airline	Netherlands	19½	23⅞ – 16¾	3.06	6.4	0.51	2.6
o	•Kloof Gold Mining/gold	South Africa	5¼	10⅜ – 5	0.93	6.2	0.44	7.7
n	•Kubota/agricultural equip, pipe	Japan	41	43½ – 28	0.73	56.2	0.55	1.3
n	•Kyocera/ceramics, electronics, optics	Japan	48½	56⅛ – 28½	2.02	24.0	0.40	0.8
a	Laser Industries/health care equip	Israel	16	18½ – 8½	0.69	23.2	0.00	—
o	•Louis Vuitton SA/luggage, leather prods	France	38¼	49 – 16⅜	1.45	26.4	0.24	0.6
o	•Makita Electric Works/elec equip	Japan	36	37 – 18½	1.39[1]	26.6	0.19	0.5

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. •American Depositary Receipts. NM: Not meaningful. [1]1984 EPS.

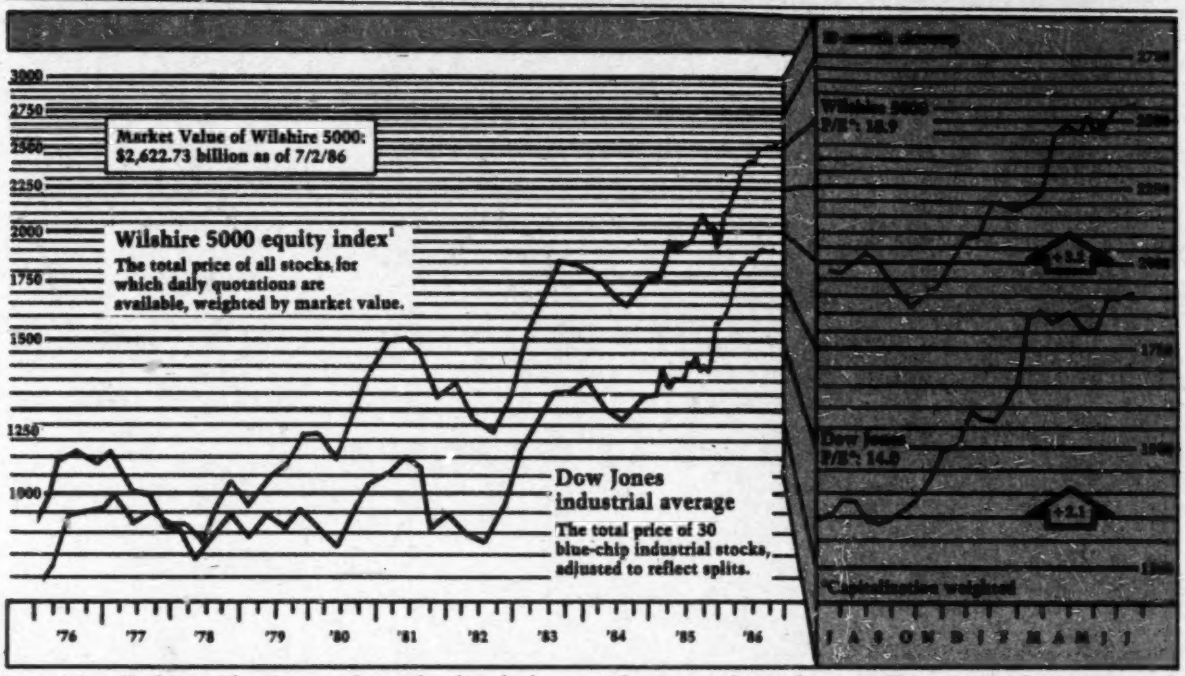
100 U.S.-traded foreign stocks

Exch	Company/business	Corporate headquarters	Price recent	Price 52-week high – low	Latest 12-mos EPS	P/E	Dividend	Yield
n	•Matsushita Electric Indl/appliances	Japan	89	99⅝– 48½	$6.91	12.9	$0.48	0.5%
o	•Bilbaino & Resources/invsts in fgn mines	Bermuda	8⅛	9⅝– 6⅛	0.68	12.1	0.20	2.4
o	•Mitsui & Co/trading company	Japan	54½	57⅛– 28⅞	0.82[1]	66.5	0.36	0.6
o	•NEC Corp/telecomm equipment	Japan	44⅞	49⅜– 18⅜	0.19	NM	0.19	0.4
n	•Novo Industri AS/drugs	Denmark	33⅜	35½– 23⅜	2.56	13.2	0.34	1.0
n	•News Corp/newspapers, tv	Australia	29½	32⅜– 25⅜	–0.60[2]	NM	0.11	0.4
n	•Norsk Hydro AS/energy, chem prods[3]	Norway	21⅜	NA–NA	1.39	15.6	0.65	3.0
a	O'Okiep Copper/copper	South Africa	3⅜	6⅛– 3⅛	–2.62[1]	NM	0.00	—
o	Optrotech/electro-optical sys	Israel	8½	14½– 7½	0.39	21.8	0.00	—
o	•Pharmacia AB/health care equipment	Sweden	22⅛	26¾– 14½	0.78	29.3	0.10	0.4
a	Philippine Long Dis Tel/telecomm	Philippines	5½	5⅝– 1⅜	0.76	7.2	0.25	4.6
o	Philips NV/elec equip, electronics	Netherlands	21⅜	25⅞– 14⅛	1.55	13.8	0.60	2.8
n	•Pioneer Electronic/electronics	Japan	27⅛	29⅜– 13⅜	–0.05	NM	0.10	0.4
o	•Rank Organization/leisure services	UK	7⅝	9⅛– 4⅛	0.52	14.7	0.24	3.1
o	•Reuters Holdings/news service	UK	46	46 – 20	1.14	40.4	0.34	0.7
o	•Sedbus/computer equipment	UK	9⅛	13⅛– 7½	1.06	9.2	0.00	—
n	Royal Dutch Petroleum/integrated oil	Netherlands	79	80⅜– 56⅜	10.96	7.1	4.71	6.0
o	•Saatchi & Saatchi/advertising	UK	35⅛	44½– 25⅞	2.08	17.2	0.72	2.0
o	•St Helena Gold Mines/gold	South Africa	10⅛	10⅜– 8⅛	3.46	3.0	1.65	16.1
a	San Carlos Milling/sugar	Philippines	2⅛	6⅛– ⅝	–0.14	NM	0.00	—
n	Schlumberger/oilfield svcs, electrncs	Neth Antilles	32⅞	39⅛– 29	0.57	49.1	1.20	3.7
o	Scitex/computer equip & svcs	Israel	5¼	16½– 5½	–2.28	NM	0.00	—
n	Sea Containers/maritime	Bermuda	24⅜	43 – 24	0.72	34.2	0.42	1.7
a	Service Resources/financial printing	Panama	12⅞	13⅜– 3⅜	–17.28	NM	0.00	—
n	Shell Trans & Trading/integrated oil	UK	48⅜	49⅛– 35½	5.87	8.2	2.87	5.9
n	•Sony/electronics	Japan	20¾	23⅜– 14¼	1.64	12.7	0.20	1.0
n	Syntex/drugs	Panama	68⅞	68⅞– 28⅞	3.29	20.9	1.20	1.7
n	•TDK/audio and videotape	Japan	45⅛	50⅜– 30⅛	2.17	21.0	0.38	0.8
o	•Teva Pharmaceutical/drugs	Israel	4⅛	4⅛– 2⅛	0.42	9.8	0.08	1.9
o	•Tokio Marine & Fire Ins/insurance	Japan	408¾	408¾–174¾	5.31	NM	1.05	0.3
n	•Tricentrol/oil & gas	UK	1¾	5⅛– 1⅝	0.66	2.7	0.18	10.3
a	•Tubos de Acero de Mexico SA/steel	Mexico	1⅛	3⅜– 1½	0.76	2.0	0.00	—
n	Unilever NV/multicompany	Neth Antilles	193½	193½–101	14.43	13.4	5.65	2.9
n	•Unilever/multicompany	UK	100⅛	105 – 53½	8.00	12.6	3.00	3.0
o	Universal Furniture/furniture	Hong Kong	34½	36 – 14¼	1.68	20.5	0.00	—
o	•Vaal Reefs Expl & Mining/gold	South Africa	5½	9½– 4⅝	1.08	7.1	0.70	12.7
o	Valco Indl NV/fastening tapes	Netherlands	30⅛	36 – 27	1.76	17.2	0.92	3.0
o	•Welkom Gold Holdings/gold	South Africa	5	8⅜– 4½	0.91	5.5	0.81	16.2
n	•Western Deep Levels/gold	South Africa	25⅛	46½– 23½	6.10	4.1	2.48	9.6
a	WTC International/freight forwarding	Neth Antilles	4⅛	7⅛– 3⅜	–0.18	NM	0.00	—

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. •American Depositary Receipts. NA: Not applicable. NM: Not meaningful. [1]1984 EPS. [2]Pro forma. [3]Began trading NYSE 6/25/86.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Mountain climbing. The Dow industrials closed above 1900 for the first time and ended the two-week stretch with a 2.1% gain. Secondary issues, particularly those on the Nasdaq, gained even more. All the major market indicators except for the Amex, which was off fractionally from its record close, finished at new highs. The Wilshire index of over 5,700 securities closed the ten-day trading period with a 3.2% increase.

This market looks richly priced, from any perspective. The Dow industrials now sell at 14 times latest 12-month earnings, The Forbes Sales 500 at 17 and the Wilshire index at 19. In 1982, when the market was selling at 7 times earnings, stocks had considerable downside protection. That's because some investors, namely takeover artists, were always ready to buy shares of steadily profitable if unglamorous corporations at 5 or 6 times earnings. The same cannot be said in a market trading at 19 times latest earnings.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
In last 4 weeks	3.1	2.8	2.5	3.0	1.7	2.6
In last 52 weeks	31.4	28.5	43.9	30.7	23.1	37.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
In last 4 weeks	3.4	2.4	0.2	4.0	1.1	2.9	3.2	2.2	2.3	4.0	2.1	0.2
In last 52 weeks	32.0	49.3	71.9	33.5	30.1	42.3	27.2	34.1	44.5	41.2	47.1	32.5

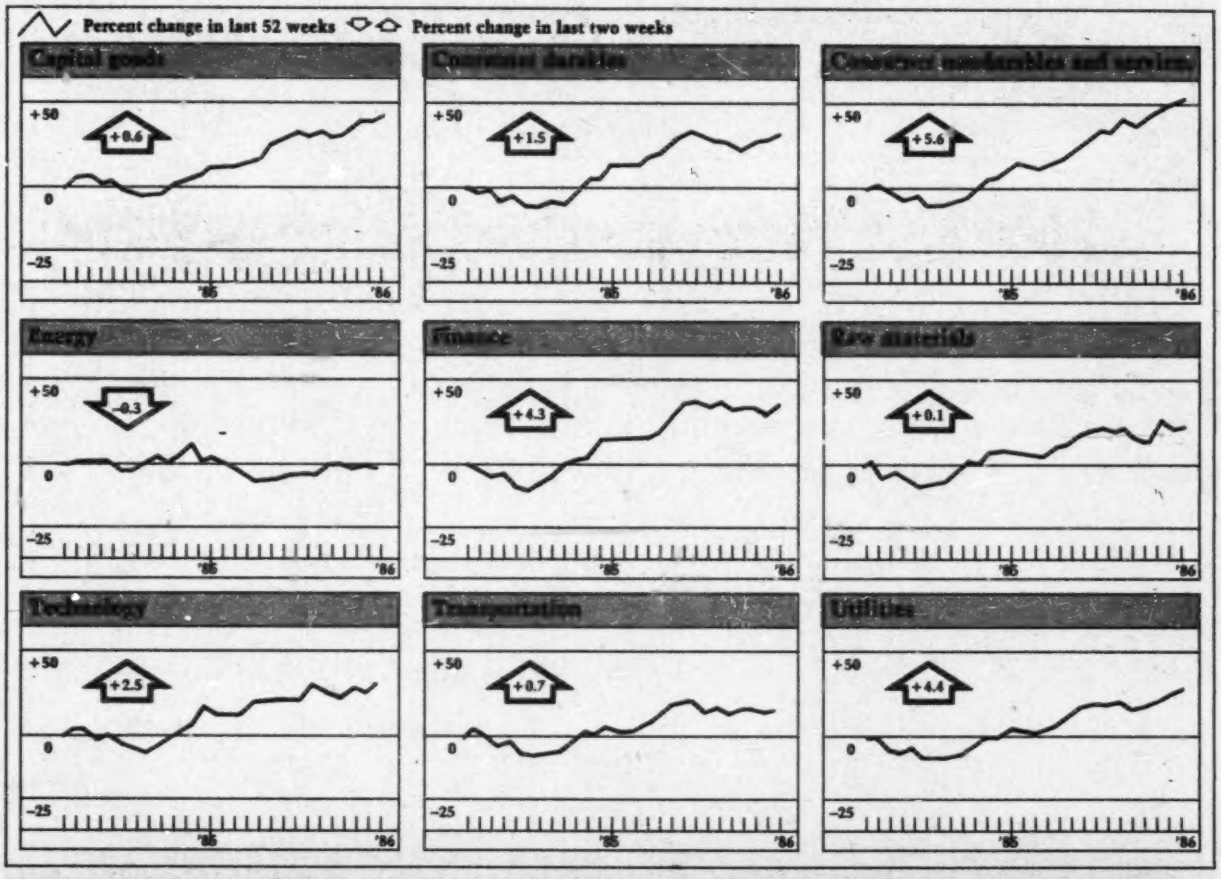
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 7/2/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Merger activity hasn't stopped completely even though stocks are far more expensive than they were a year or two ago. At the top of the consumer nondurables sector, which had the best two-week performance, is Associated Dry Goods, which is being sought by May Department Stores. Associated jumped 40% in two weeks. Sanders Associates, an electronics defense contractor, gained 86% as speculators pushed the price above Loral Corp.'s $50-a-share hostile offer.

Wall Street also responded to a divestiture: ITT was up 26% after it decided to sell its telecommunications and office equipment operations. And to a possible condemnation: Long Island Lighting gained 22% on indications that New York State may take it over.



What The Analysts Think

Transportation takes a nosedive. In the last two weeks analysts reduced their 1986 estimates for the transportation group by 7.1%. Stan Levine of Lynch, Jones & Ryan, the New York brokerage firm that collates analysts' earnings forecasts, says, "Analysts are cutting ten airline and railroad estimates for every one that they increase."

Forecasting Six Factors S&P

Performance period	Average earnings per share	P/E
latest 12 months	$2.73	17.1
1986 estimates	3.51	13.3
1987 estimates	4.08	11.5

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer durables	$4.02	10.0	-0.16%	-0.12%
2	Consumer nondurables	2.25	17.7	-0.35	-0.62
3	Utilities	3.33	10.2	-0.36	-0.65
4	Finance	3.49	11.4	-0.38	-0.55
5	Raw materials	1.89	16.5	-0.42	-2.06
6	Technology	2.56	15.3	-0.82	-1.69
7	Capital goods	2.59	15.3	-1.73	-3.29
8	Energy	2.24	13.0	-2.73	-4.24
9	Transportation	2.00	14.5	-7.09	-7.67

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

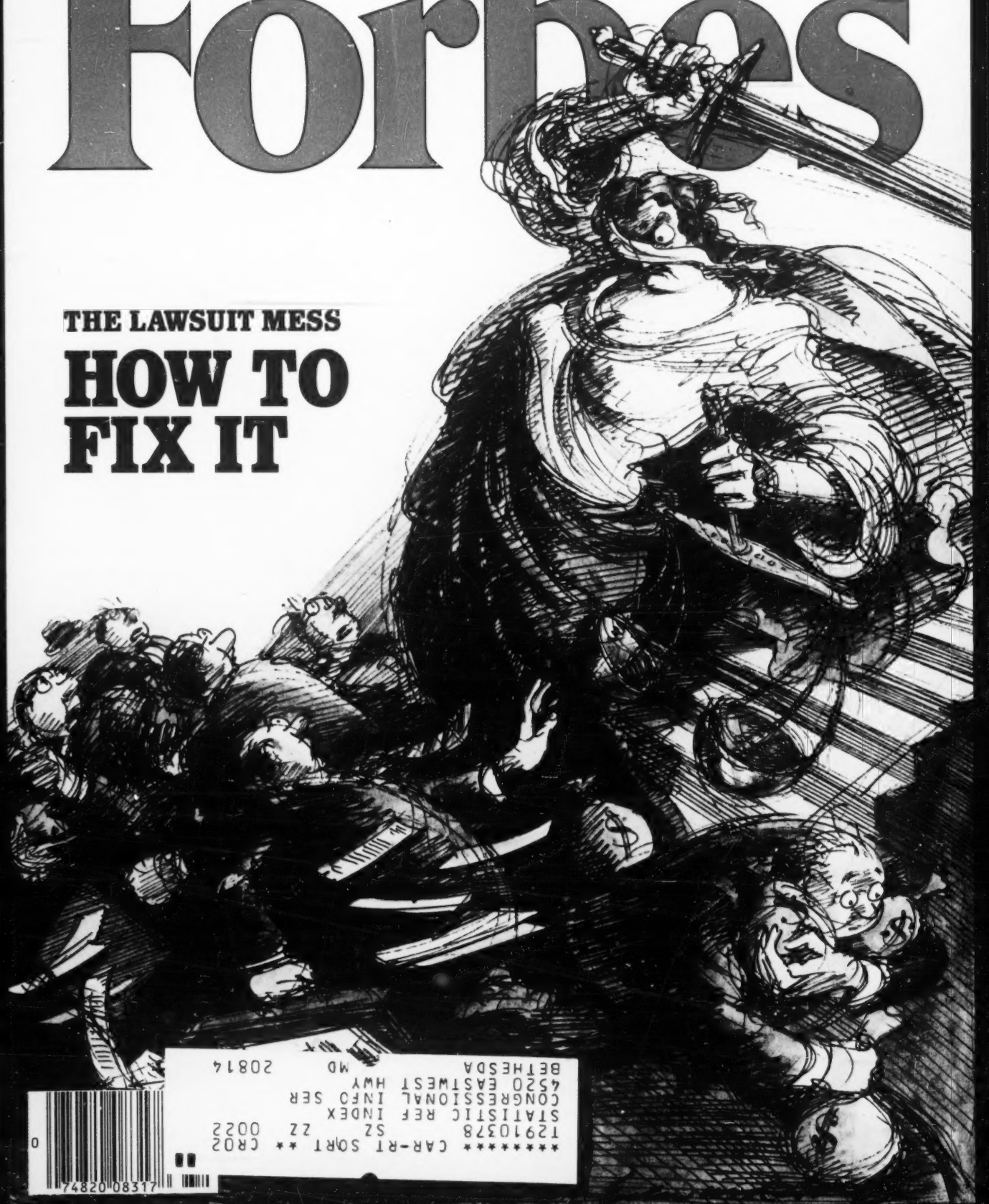
Note: All data for periods ending 7/2/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

C3950-1

AUGUST 11, 1986

THREE DOLLARS FIFTY CENTS

Forbes



THE LAWSUIT MESS

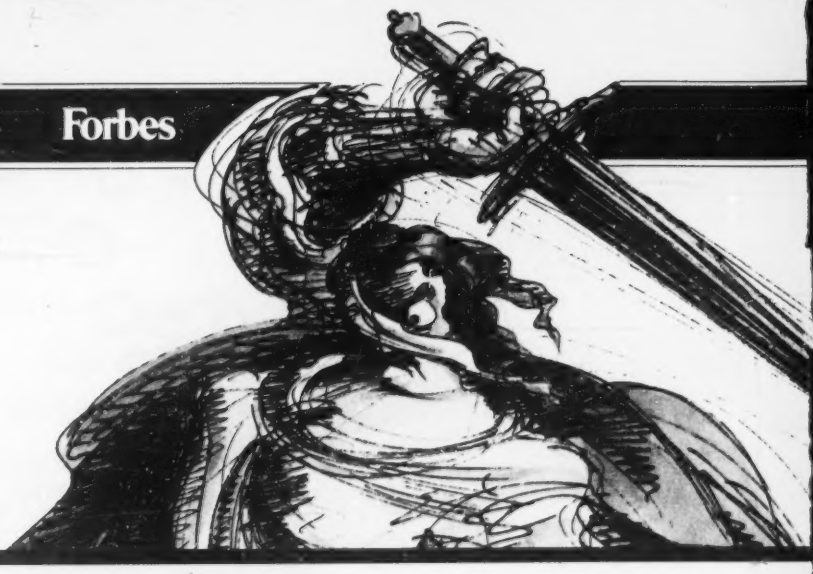
HOW TO FIX IT

******** CAR-RT SORT ** CR02
12910378 S2 22 0022
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

0 74820 08317

Forbes

AUGUST 11, 1986
VOLUME 138
NUMBER 3



The editorial index of companies referred to in this issue is on pages 138 and 137.

COVER STORY

76 The Tort Reform Quagmire
A woman sues a stocking company when she slips out of her shoes while walking down a staircase. How do we give deserving people their day in court while at the same time getting rid of cases like that?

COMPANIES

30 Boeing Co.
Though still on the drawing boards, Boeing's new passenger jet is already in trouble—from cheaper oil. Who wants a propfan airliner when fuel is 55 cents a gallon?

35 Motorola, Inc.
The Japanese and Koreans threw a bad scare into the semiconductor business. But Motorola is making money at both ends of the spectrum: low-tech discrete components and high-speed microprocessors.

46 Transco Energy Co.
For a time it looked as if Transco could finesse some of the problems afflicting the pipeline industry. No longer.

66 The Up & Comers: SuperShuttle International, Inc.
Mitch Rouse is making airport connections painless and cheap. Can he extend the formula nationwide?

67 The Up & Comers: Burnup & Sims Inc.
Nick Caporella managed to neutralize Victor Posner. Now who will neutralize Caporella?

82 The Hydraulic Co.
Buried in the balance sheet of a sleepy water company that once had P.T. Barnum as its president is some of the prettiest real estate in the Northeast.

94 Levi Strauss & Co.
The joys of going private: The Haas family doesn't have to court Wall Street any more. Instead, it must listen to the banks.

INDUSTRIES

54 Wine
California vintner Warren Winiarski created an award-winning cabernet sauvignon—in some ways to his deep regret.

57 Cellular Phones
Battling the Bell operating companies for choice cellular phone markets would be tough enough. The FCC has made it even rougher.

62 Coal
With oil prices way down, does coal have a future? Probably a brighter one than ever—unless the politicians snuff out fluidized bed combustion.

91 Auto Service
What's the difference between selling an oil change that takes only ten minutes and selling a Big Mac? Answer: Not all that much.

DEPARTMENTS

6 Side Lines
8 Trends
12 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
139 Flashbacks
140 Thoughts

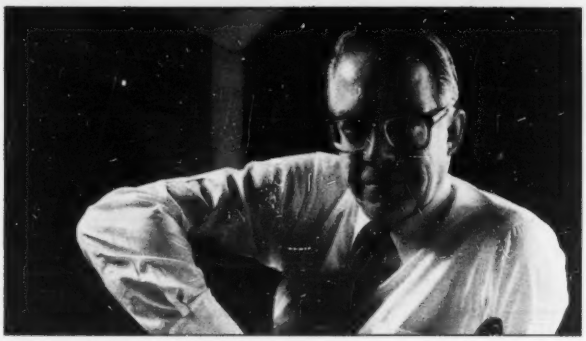
COLUMNISTS

127 Ben Weberman
128 David Dreman
130 Srully Blotnick
132 Stanley W. Angrist

MONEY & INVESTMENTS

25 What's Ahead For Business
26 The Forbes Index
115 The Forbes/Wilshire 5000 Review

Cover illustration by Edward Sorel



30 *Frank Shrontz of Boeing*

73 *REITs don't look so bad now*

INTERNATIONAL

33 Nerves, Nerves, Nerves
With "Big Bang" nearly three months away, London's major financial players are already as nervous as cats.

36 The Trouble With Mercantilism
Taiwan reaps the rewards of economic virtue. But virtue carried too far becomes fanaticism.

INVESTING

51 Hot, Hot, Plop
Investment bankers set records in the new-issue market. Investors did not do as well.

86 What? Quit Show Business?
It's tulip bulb time in Hollywood. No, not the flowers. The entertainment stocks.

120 Statistical Spotlight: How's Business?
A company's operating margin, often overlooked, is a better measure of management skill than is the net profit margin.

122 Statistical Spotlight: Franchise Mania
Better a business that has a moat around it than a business that has to fight for survival. But moats are getting a mite expensive these days.

124 The Funds: Small Investors, Watch Out
There is talk of imposing stiffer fees on small accounts. Also: a congressional plot to raise taxes on fund shareholders; advertising "no loads."

134 Streetwalker
LTV Corp.; McLean Industries; Chrysler; Mack Trucks; Tele-Communications, Inc.

NUMBERS GAME

74 Mystery Money
Exxon is expecting to take $1 billion in cash out of its pension plan. What happens to the $1 billion?

TAXING MATTERS

73 What Hurts My Enemy Helps Me
Real estate investment trusts have made a big comeback. The new tax law will make them even more attractive.

MARKETING

98 Through A Glass, Brightly
Want to sell wool dresses in July? Get yourself a good spot in one of Saks Fifth Avenue's window displays.

SCIENCE & TECHNOLOGY

102 So What? Everybody's Doing It
Drug tests are far from foolproof. Also: rotor aircraft; fetal testing; snail sex; drifting islands.

PERSONAL AFFAIRS

107 Without Warning
One out of 20 people over 45 has heart disease but doesn't even suspect it. Over 100,000 a year die of "silent" heart attacks without ever knowing what hit them.

FACES BEHIND THE FIGURES

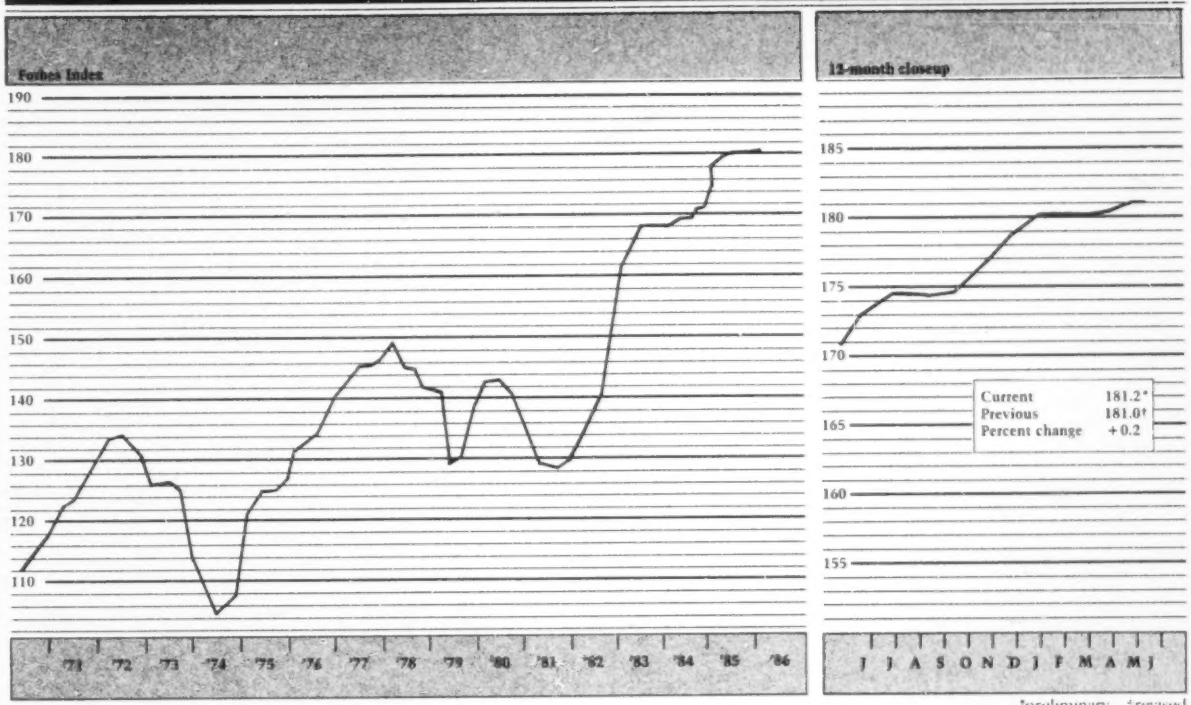
110 Jim Pattison, *Expo 86*
110 Henry Murphy, *Resorts International*
112 Jack Shea, *Spiegel, Inc.*
112 Selim Zilkha, *investor*
113 Claude Saujet, *Harry Winston Inc.*
113 Bernard and Josephine Chaus, *Bernard Chaus Inc.*

August 11, 1986 Volume 138 Number 3 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April, two weeks in September and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



*preliminary †revised

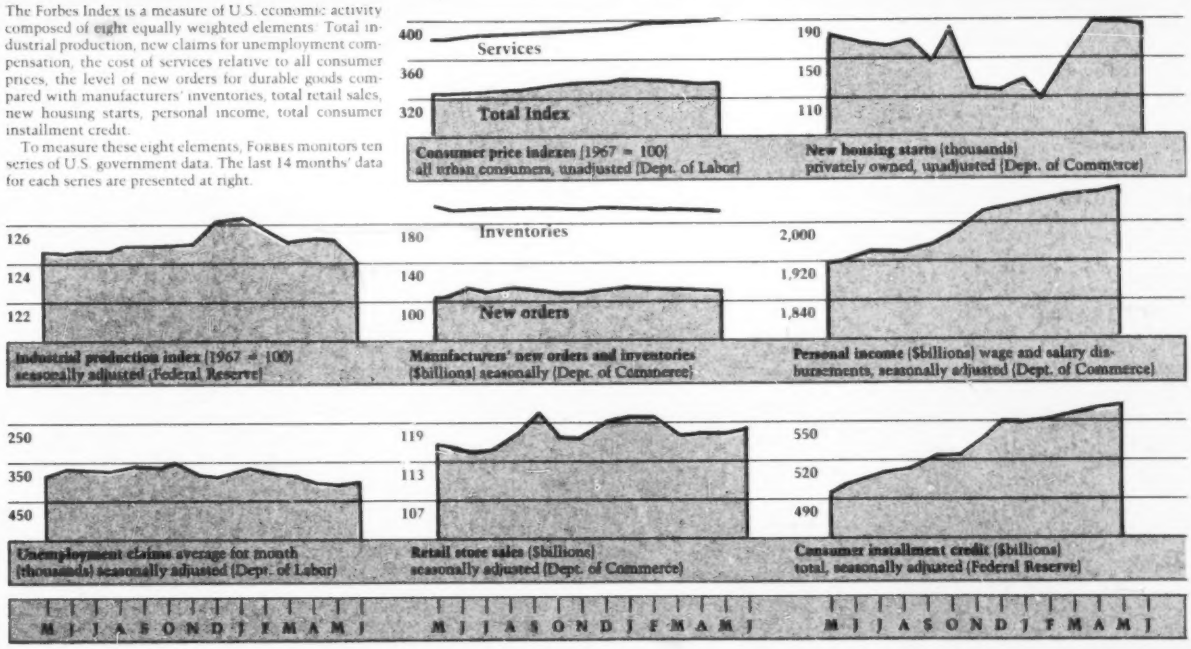
I.O.U. Thanks to the willingness of consumers to buy now and pay later, the Forbes Index eked out a 0.2% increase during the latest reporting period. The Index was given a boost by a 1% jump in consumer installment credit, which now stands 14.7% higher than it did the same time last year. A 0.2% rise in retail sales along with a 0.4% drop in new unemployment claims also pushed up the Index slightly.

Industrial production decreased by 0.5% during June. Almost half of the decrease, however, was related to strikes affecting the output of business equipment, construction supplies and durable materials. New housing starts fell 2% from May but were still 12.2% higher than they were one year ago.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Battling the Bell operating companies for choice cellular phone markets would be tough enough. The Federal Communications Commission has made it rougher.

Static on the line

By Ruth Simon

"WE INTEND TO STAY [in cellular], but it's getting awful lonely," says John Stanton, executive vice president of McCaw Communications Cos., now the largest cellular phone company outside the telephone, or wireline, industry.

Stanton isn't completely alone yet, but the ranks are thinning. The reasons are several. The Federal Communications Commission began by throttling non-wireline companies that were trying to get into cellular. The baby Bells would be powerful competitors even if the FCC hadn't handed them a head start in promising markets. And now, with sales estimates for the cellular industry as high as $2.6 billion by 1990, Bell companies have been paying record—some would say outlandish—prices to buy out their competitors. Southwestern Bell's $1.65 billion embrace of Metromedia's cellular and paging business is the latest example.

The FCC did not plan it this way. It says it was trying to encourage competition when it began handing out licenses to operate cellular, that is radio-telephone, systems on a two-per-city basis in 1983. To try to prevent a Bell monopoly, the FCC reserved one license for a telephone company, and the second for a non-wireline firm.

But the non-wireline companies were hamstrung from the start. Only the local phone companies could vie for the wireline license in each cellular market. With few competitors per city, the phone companies quickly divided their cellular franchises, began building systems, and were the first in most major markets to offer service. On the non-wireline end, competition was keener and the selection process cumbersome. The FCC awarded licenses in the 30 largest cities only after public hearings, and in smaller markets by lottery. Some awards were further delayed by legal challenges. Obvious to everyone but the FCC, this gave the wirelines a crucial head start. It also guaranteed that their competition would be fragmented and forced to make marriages of convenience, taking small shares of partnerships to better their odds.

Shotgun marriages make for poor relations, and some non-wireline partnerships have been hurt by con-

in a 35-knot crosswind

Rescue work at sea is seldom done in fine weather and calm seas. That's why the United States Coast Guard demands stringent requirements for their helicopters, including stability in flight – even in strong crosswinds – and protection against potential tail-rotor accident hazards.
To meet the Coast Guard's challenge Aerospatiale used its innovative "fenestron" technology. Advanced technology first introduced in the Gazelle in 1966, technology which has consistently proven performance, stability, safety and reliability.

This proven technology has caught the interest of the U.S. Army. The "fenestron" has been requested in the specifications for the Army's next generation helicopter... the LHX.
As we see it, advanced technology is synonymous with increased operational safety and reliability. This means adapting leading-edge technology to satisfy our customer's needs, which is one reason why the U.S.C.G. as well as fire departments, police units, hospitals, armed forces, and VIPs the world over place their trust in Aerospatiale... the world's leading helicopter exporter.

that's special. that's aerospatiale.

aerospatiale

flicts among their members. Others, seeing the prices they could command, simply sold out. And many who still fancy themselves to be long-term players are bailing out of markets where they have tiny shares to build majority stakes elsewhere.

"I don't need somebody telling me how to do things," explains Jack Brennan of Metro Mobile CTS, a privately held company controlled by the Bass brothers and Lindemann Enterprises that has sold small interests in Cincinnati and Houston. Brennan is drawing back to a hub-and-spoke strategy. He hopes to take advantage of administrative and marketing economies of scale by staying in cities clustered near one another, such as Phoenix, Tucson, El Paso and Albuquerque.

Metro Mobile isn't the only one. McCaw, a $78 million (sales) private company 45% owned by Affiliated Publications (publishers of the *Boston Globe*), recently agreed to pay $155 million for two small cellular companies that together control 11 southern cities. New York-based LIN Broadcasting (1985 sales, $172 million) has sold minority interests in Bridgeport and Hartford, Conn., while building its stake in Dallas and Houston.

But the Goliaths of the telephone industry are playing this game, too. In June, Southwestern Bell announced it would pay a record $1.65 billion—$41 per potential customer—for Metromedia's interests in such prime markets as Chicago, New York and Washington/Baltimore. The purchase followed a decision in February by Judge Harold Greene allowing Pacific Telesis Group, a Bell operating company, to purchase Communications Industries, a non-wireline with interests in San Francisco, Atlanta, San Diego and Dallas.

At more than twice the price cellular licenses traded for six months earlier, the Metromedia sale was one more indication of the telephone companies' superior financial strength. "A $1.6 billion transaction is beyond what we could reasonably afford to pay," admits Stanton, who had eyed the Metromedia properties. "We're moving toward an industry dominated by the telephone companies," he adds. "What am I going to do, tender for PacTel?"

With that kind of acquisition out of the question and the recent spate of Bell company purchases, the non-wirelines will soon be excluded from five major markets—Chicago, Boston, Baltimore/Washington, Atlanta and San Diego. In several others they are being forced into uncomfortable partnerships. Consider LIN Broadcasting. LIN's minority partner in Dallas is PacTel, its competitor in Los Angeles. Its Dallas competitor, Southwestern Bell, will soon be its partner in Philadelphia and New York.

PacTel has agreed to become a passive partner in Dallas, where it has a 16% stake. But Southwestern Bell will have close to a 50% stake in its new markets. "It's something we're going to have to be focusing on," admits LIN Vice President Michael Plouf. Like other non-wirelines, LIN has argued that the Bell purchases will reduce competition and slow the industry's development.

Major non-wireline cellular phone companies

Company	Largest cities served	Potential customers* (millions)
McCaw Communications	San Francisco, Pittsburgh, Minneapolis, Denver	25.6
LIN Broadcasting	New York, Los Angeles, Philadelphia, Dallas	16.2
Mobile Communications Corp of America†	Los Angeles, Houston, Milwaukee, Indianapolis	10.3
Metro Mobile CTS	Phoenix, Hartford, Providence, Bridgeport	8.5
Graphic Scanning	Detroit, St. Louis, Minneapolis, Cleveland	6.3

*Population in cities served according to 1980 census times share of license. †Joint venture with BellSouth awaiting regulatory approval.

Nubar Alexanian

John Stanton of McCaw Communications
"What am I going to do, tender for PacTel?"

The non-wirelines say they will provide better service and more aggressive pricing than traditional phone companies. But with their aggressive buyout strategies, the baby Bells have already shown their financial muscle. The oldest cellular system, Chicago's, is less than three years old, and because of licensing delays many non-wireline systems have gotten off the ground six months to nearly two years behind their competitors.

"Head start is thus far the major factor," says industry analyst Herschel Shosteck. In Baltimore/Washington, the 2½-year-old non-wireline group got out of the gate four months before Bell Atlantic did and now controls two-thirds of its market. In Chicago, where Ameritech, the Bell company, had a 15-month lead, the 1½-year-old non-wireline has only a 40% share.

To develop a customer base and name recognition while they build their own systems, most non-wirelines have chosen to resell cellular service purchased from the wirelines. It's a smart enough long-term strategy but adds to already heavy startup costs. "For every dollar the customer was spending, we were spending another dollar," says Metro Mobile's Brennan, who has invested $40 million to get his cellular systems up. "In Phoenix, we were losing $200,000 to $300,000 as a reseller per month." And even after their systems are up, the non-wirelines still have to buy connections into the landline telephone system from their wireline competitors.

With only 450,000 subscribers nationwide, many cellular systems are at least two years from profitability. Doesn't it make sense to take a profit now and sell out while licenses are trading at alltime highs? "We're on the verge of such an exciting, explosive period of growth," counters McCaw's Stanton, whose company has funneled about $400 million into cellular. "I don't believe there's a better investment in America today."

Certainly with prices for licenses going into the stratosphere, lots of folks are already making wads of dough in the cellular phone business. But the FCC's heavy hand seems also to have shaped an industry where the Bell companies are getting the biggest piece of the pie. ■

Buried in the balance sheet of a sleepy old water company that once had P.T. Barnum as its president is some of the most desirable real estate in the Northeast.

Found money

By Allan Dodds Frank

WATER COMPANIES. Predictable earnings, just the thing for widows, orphans and the over-the-thrill crowd. Not any longer. In keeping with the deal-a-minute spirit of the times, investor-owned electric utilities around the country have begun diversifying into everything from drugstore chains to cable TV and even banking—and now water utilities have begun to follow suit.

When companies diversify, they usually pay for it by either issuing securities or drawing down cash. Rare is the firm that is able to launch itself into a whole new business by simply selling off assets at maybe 100 times the value at which they are carried on the firm's books. That, however, is precisely the plan of The Hydraulic Co., the largest investor-owned water utility in Connecticut.

For more than 100 years, THC (long known as Bridgeport Hydraulic) has been earning modest but predictable profits by supplying water to customers of southwestern Connecticut—an activity about as exciting as the embalming business. But the company also owns 20,000 acres, nearly all prime residential real estate. Some of it was acquired as long ago as the 1880s by the utility's second chief executive, showman Phineas T. Barnum, as reservoir watershed land at less than $1,000 per acre. As it happens, the land is situated in the heart of Fairfield County, a gilt-edged real estate market in which choice lots go for $100,000 apiece or much more.

Some 2,200 acres of that property is what THC wants to begin selling, and if approval comes for an initial offering, requests for further sales are almost sure to follow. THC is joining a growing number of utilities diversifying from regulated into nonregulated businesses, such as real estate development. In northern New Jersey, United Water Resources is using its Rivervale Realty subsidiary to develop nearly 1,000 acres in surrounding communities that it bought from another subsidiary, venerable Hackensack Water Co. As part of the deal, Hackensack Water split the proceeds 50/50 with rate payers, giving each customer an $18 check and the rest to the parent. By contrast, Hydraulic is seeking to convince Connecticut authorities to change a state regulation requiring any return on water company real estate sales to be rebated 100% to utility customers in the form of lower rates. Hydraulic wants permission to keep two-thirds of the real estate proceeds, with one-third going to rate payers.

In a low-key but top-priority campaign to free itself of the existing restrictions, THC in April petitioned the Connecticut Department of Public Utility Control for what amounts to blanket permission to sell any land the company can convince Connecticut authorities to declare surplus. An initial ruling on the matter could come as early as mid-August, and could well affect all of Connecticut's 130 investor-owned water companies.

The heart of the Hydraulic system is Easton, where nearly 40% of the town's 28 square miles is owned as watershed land by THC. Lying at the edge of the commuting suburbs of New York City, 60 miles to the southwest, Easton has not permitted any commercial or industrial development, and restricts nearly all zoning to 3-acre minimum lots. The result: an exclusive, bucolic woodland community in which homes begin at $200,000 and climb into the millions.

Many local residents vigorously oppose THC's plans. If the utility is allowed to develop its land to the maximum feasible, the result could arguably be to add perhaps as many as 2,000 homes to the area, changing the rural nature of the entire region. THC claims it wants to sell off the 2,200 acres—raising, FORBES estimates, perhaps $100 million or more—to pay for the construction of two filtration plants. Yet the plants would further reduce the need for watershed acreage, opening additional land to be declared surplus, and then perhaps sold. First Selectman Mary Anne Guitar of the town of Redding, which contains vast THC watershed acreage, opposes the plan: "We figure it is like eating peanuts. Once they start, they'll never stop."

Not surprisingly, Fairfield County's real estate fraternity supports THC. Visions of sugarplums dance in their heads at the thought of all that property to sell. Says one broker: "Builders are going out of their minds trying to find property. If Hydraulic were to put something on the market, they could get almost any price they wanted."

Small wonder that after more than a decade of dozing, THC's 2.8 million shares recently have perked up and are trading at close to $35 per share, up 50% from a year and a half ago. The land could be worth $35 a share.

What if Connecticut authorities choose not to see things THC's way? Investors could do a lot worse than sit with a stock paying 6% annually, waiting for the economic pressures of real estate development to build like water pressure behind a dam. ■

Hidden values

THC is not the only water company with good real estate in its balance sheet.

Holding company	Exch	52-week high	52-week low	Recent price	Estimated acreage
Consumers Water	O	37	27	34	19,500
The Hydraulic Co	N	37	26¼	33½	20,000
General Waterworks	O	22	17⅛	19½	5,100
JWP, Inc	O	27½	7¾	20⅜	200
Pennichuck Corp	O	NA	NA	54	2,000
SJW Corp	A	40⅞	29¾	39	7,100
United Water Res	N	22⅝	11½	20¾	7,000
York Water Co	O	NA	NA	45	1,700

NA: Not available.

It's tulip bulb time in Hollywood. No, not the flowers. The entertainment stocks.

What? Quit show business?

By Alex Ben Block

FELLOW GOES TO his doctor. "Doc," he complains, "I can't get rid of this stench that's always with me." Doctor asks patient what his job is. "I work for the circus. Clean up after the elephants." Doctor suggests patient find a new job.

"What? Quit show business?"

Now even Wall Street has caught the glamour of show business. A decade ago, aside from a handful of large studios, hardly any movie or TV production companies were public—and even those were considered pretty dicey investments. Today you can scarcely give an oil stock away, and other once-prime investments are also in the doghouse, but movie and television stocks are hotter than Rambo.

Consider the prices paid over the past two years for entertainment companies: MCA, which owns Universal Studios, has jumped 75%; Walt Disney, under new management, has rocketed 356%; and the Cannon Group is up 131%.

Now investors are turning to smaller companies, which have been going public at a record pace. Barris Industries, which recently returned to the TV-syndication market, is up 660% over two years ago; during the same period King World Productions, distributor of the *Wheel of Fortune*, has escalated 780%. New World Pictures is up 400% since January, All American Television has nearly doubled since going public eight months ago, Peregrine Entertainment is up over 500% in a year. And De Laurentiis Entertainment Group rose one-third in a month after going public in May.

Yes, it's tulip bulb time again, and anything to do with movies is in bloom. "Investors perceive the fundamentals of the entertainment business have changed," says Mark Manson, who follows show business for DLJ Securities. "The development of markets like pay-TV and home video have made their revenues much more quantifiable and reliable."

Wall Street exposes movie development

Production companies are going public at an unprecedented rate to take advantage of investors' perception that the growth of ancillary markets has lowered the risk of making movies.

Company/headquarters	Exch	Date went public	Initial offering price	Recent price	Shares† (millions)	% held by insiders	Latest 12-month revenues (thou)	Latest 12-month EPS	Primary business	Best-known product
De Laurentiis Entertainment Los Angeles	a	May '86	12	15	9.3	70%	$7,600	($0.20)	movie prod/ distribution	*Raw Deal*
Foxmoor International Films Denver	o	Oct '83	¼	½	17.7	51	8	(0.25)	movie develop	*Haunted Summer*
Kings Road Entertainment Los Angeles	o	Sept '85	10	5⅞	4.7	46	14,000	(1.14)	movie develop/ production	*All of Me*
Laurel Entertainment New York	o	June '80	3¼	7¼	2.5	31	3,200	(0.33)	tv/movie develop & production	*Tales from the Dark Side*
Mercury Entertainment Los Angeles	o	Sept '84	6*	8⅛*	14.9	46	667	(0.01)	movie develop/ production	*Flamingo Kid*
New Century Entertainment New York	o	June '82	1	4¼	14.0	41	10,400	0.02	movie develop	*To Live and Die in L.A.*
New Star Entertainment Beverly Hills	o	June '86	2*	3½*	8.7	54	400	0.01	tv/movie develop	*The Flight of the Navigator*
New World Pictures Los Angeles	a	Oct '85	7½	17	14.5	46	12,400	0.50	tv/movie/video distribution	*Angel*
Paul Entertainment Los Angeles	o	May '85	1/20	1½	12.5	75	0	0	movie develop/ distribution	*Never Too Young to Die*
Vista Organization Ltd New York	o	Aug '84	6¼*	75*	18.9	52	740	(0.09)	movie develop/ distribution	*Fright Night*

*Units. †Outstanding. a: American Stock Exchange. o: Over-the-counter.

Typical Wall Street chatter that: Stocks go up, and analysts find reasons. Here's another: Entertainment is one of the few American industries that has not only survived foreign competition but has actually improved its position in the world market, notes Jonathan Taplin, a former movie producer now partnered in First Media, a new Los Angeles-based entertainment investment banker.

As industrial smokestacks have cooled, real estate syndications have gone sour and high tech has fallen out of favor, says Taplin, huge pools of capital have been looking for new opportunities. At the same time a new breed of short-memoried money managers and research analysts has arrived on Wall Street and instinctively moved toward what it grew up with and knows best—TV and movies.

Alan Dorow/TB Pictures

Vista's Herb Jaffe, Gabriel Katzka and Seymour Malamed
The Blechs' handpicked team is well-funded but unproven.

The trigger for an end to the boom could be a glut of movies and syndicated TV programs. That could result from overproduction caused by an influx of eager and naive capital.

"We're going toward a point where there's too much product, and some of the smaller companies have to lose out," says Harold Vogel, show business analyst with Merrill Lynch Capital Markets and author of *Entertainment Industry Economics*. "When those promoting these companies talk about the ancillary market eliminating risk, they usually forget that, beyond production costs, there are releasing expenses such as marketing and distribution costs to be covered that can add another two-thirds to the cost," says Vogel. "Those rushing in forget the history of the movie business. When things get tough, it's very difficult to carry overhead costs."

Vogel expects to see the demand for syndicated TV programs—old shows and movies licensed to local stations—peak by the middle of next year. And within two to three years he expects a lot of small movie development companies and

The selling of the television syndicators

Old TV shows and creating original programs for ad hoc networks of independent stations are growth industries, thanks to a huge increase in the ranks of broadcasters without any network affiliation.

Company/headquarters	Exch	Date went public	Initial offering price	Recent price	Shares† (millions)	% held by insiders	Latest 12-month revenues (thou)	EPS	Primary business	Best-known product
All American Television New York	o	Dec '85	7½	13	1.9	65%	$ 7,000	$0.30	tv syndication	*America's Top Ten*
Barris Industries New York	o	Oct '68	9½	24	9.1	34	30,000	0.80E	tv production/ syndication	*Newlywed Game*
Donny Osmond Entertainment Santa Ana, Calif	o	Jan '85	5	1¾	1.2	33	0	(0.08)	tv production/ syndication	*Donny and Marie*
Tries Entertainment Los Angeles	a	Jan '84	10	8	5.2	58	25,900	0.52	tv/movie/video prod/syndic	*Tough Love*
Heritage Entertainment Los Angeles	a	Jan '69	3	9½	3.2	19	10,600	0.74	tv syndication	*Flipper*
King World Productions New York	o	Dec '84	5	44	10.2	60	81,200	1.02	tv production/ syndication	*Wheel of Fortune*
Peregrine Entertainment Ltd Los Angeles	o	Apr '81	4	26	1.5	45	6,500	(0.82)	tv production/ syndication	*Dancin' to the Hits*
Reeves Communications New York	o	Feb '80	9	11½	12.5	21	93,100	0.73	tv production	*Kate and Allie*
Republic Pictures Corp Los Angeles	o	Dec '84	3½	13½	3.8	31.5	15,000	0.26	tv/video syndication	*Get Smart*
Satori Entertainment New York	o	Dec '84	5*	2*	3.2	69	3,200	0.01	tv syndication	*Riddle of the Sands*

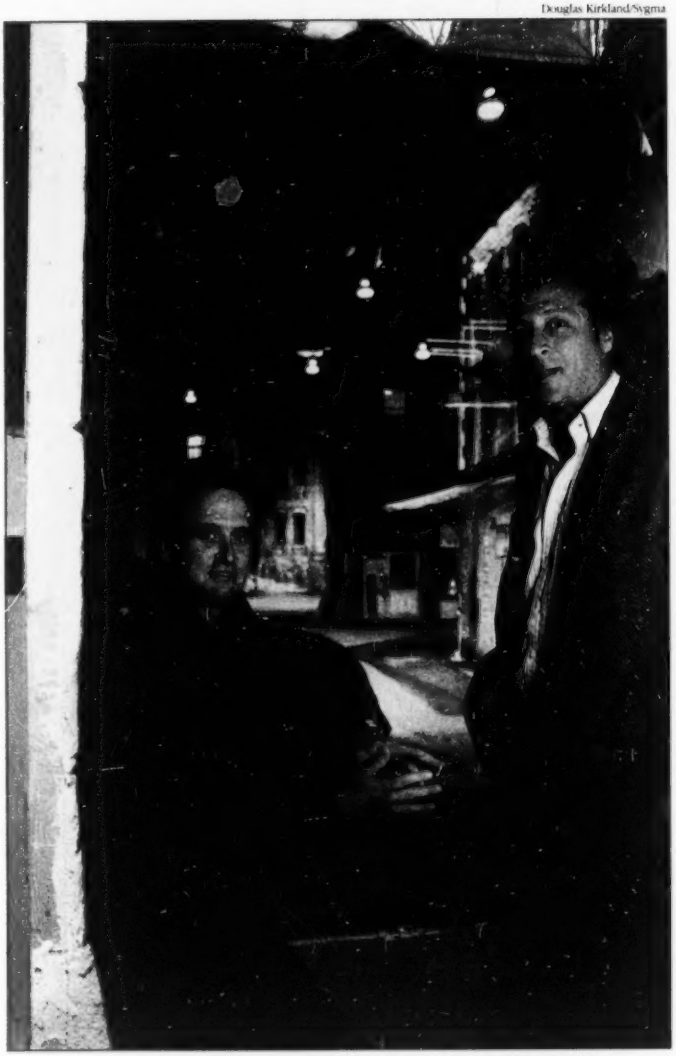
*Units. †Outstanding. a: American Stock Exchange. o: Over-the-counter.

distributors will disappear because more movies are being produced than the market can handle. "An awful lot of people are fooling themselves," says analyst Vogel.

But when the naive money pours in, there are always smart people around to garner it. One of those cashing in is Aaron Spelling, the pipe-smoking producer of such sweet-and-sour concoctions as *Dynasty, The Love Boat* and *Hotel.* In a deal scheduled to close early this month Spelling was to sell about a quarter of his company for around $130 million, with nearly $100 million going directly into his own pocket. While Spelling's credits as a producer are many, the list of properties included in the company is short. Rights to many early Spelling hits, such as *Charlie's Angels* and *Fantasy Island,* have already been sold off.

Investors will bite in the belief that Spelling, who hopes to launch his first successful half-hour sitcom in many years this fall on ABC, with Lucille Ball, can rebuild his inventory of hits and then enter TV syndication on his own for the first time.

Douglas Kirkland/Sygma



Mercury Entertainment's Michael Douglas and Michael S. Phillips
Their partnership provided new clout and pushed up the stock.

There is even more magic and less substance in a deal being offered by talented actor/director Ron Howard *(Cocoon),* former star of *Happy Days,* and his producer/partner Brian Grazer *(Spies Like Us),* who together made the 1983 hit *Splash.* Howard, 32, and Grazer, 34, are selling 34% of Imagine Productions for $13 million through Allen & Co. Imagine Production's business? Leasing out the services of its two principals and then slowly expanding into developing movies and TV shows. The stock is offered at $7. Book value: 1 cent.

Imagine isn't the first producer to turn to Wall Street. Former attorney and securities analyst Michael S. Phillips became a producer in 1971 with *Steelyard Blues,* and then hit it big in 1974 with *The Sting.* He was flying high when he took Mercury Entertainment public in September 1984. Mercury raised almost $4 million by selling just over 30% to the public, in $6 units, in an underwriting by Muller & Co. The offering was oversubscribed, even though Phillips hadn't had a hit since *Close Encounters of the Third Kind* in 1977.

The Mercury prospectus seemed to promise a practically risk-free deal. All operating and development costs were to be covered under an agreement with ABC Motion Pictures, while actual financing of movies would be done by major studios. Of course there are no sure things in show business. In the two years since, ABC Motion Pictures has gone out of existence and Mercury has managed to get just one movie released, *The Flamingo Kid,* which didn't do well enough to return anything beyond a producer's fee.

Now, Phillips has joined with actor/producer Michael Douglas *(Romancing the Stone* and *Jewel of the Nile),* using Mercury stock to buy the rights to films owned by Douglas, including Oscar winner *One Flew Over the Cuckoo's Nest.* Douglas' involvement, and the clout it is expected to provide, has helped push the price of the units up above $8.

Another firm, The Vista Organization Ltd., started out two years ago to be a movie development company like Mercury. After its first two movies performed poorly, Vista returned to Wall Street and raised an additional $69 million to enter movie distribution and home video. Despite the failure of its films *(Fright Night* and *The Falcon and the Snowman),* Vista units, which came out at $6.25 each in 1984, have sold as high as $105 and recently were $75.

Vista itself is quite a production. It was assembled by David and Isaac Blech, brothers who have had success with biotech companies. The Blechs operate by picking an area they want to be in and then contracting with top talent, whether a research scientist or a movie producer. For Vista, the Blechs' brought together former United Artists production chief Herb Jaffe, producer Gabriel Katzka *(Same Time Next Year)* and longtime Columbia Pictures financial executive Seymour Malamed. "Our goal is to build a full-fledged communications company," says David Blech. So far, mostly all talk.

The Blech brothers may find movie distribution difficult. The major studios, through long-term relationships, dominate American movie theaters. The few play-dates left are fought over by the growing legion of small distributors like Atlantic, Island and Crown International. "It's one thing when 4 or 5 small distributors compete for those few in-between play-dates," says Taplin, who produced *Baby* and

The Last Waltz. "It's a disaster when 20 companies compete."

The biggest roll of the dice these days is in original programming for TV syndication. It was uneconomical for anyone except the networks to make new programs until a few years ago, when the number of independent stations began to expand. Now everything from first-run game shows to situation comedies is being offered to the independent TV market.

But overcrowding is becoming evident here, too. George Back, 46, president of All American Television, which produces and sells first-run syndicated programs such as *America's Top Ten*, warns that of the hundreds of new shows offered to stations last year, only about 15% ever got enough commitments to go into production. And of those that made it, over 80% won't survive through a second season. "What's going on is like the bowling alley boom of the Fifties," says Neil Rosenstein, president of Peregrine Entertainment. "The mortality rate in this has got to be enormous—unless you have a solid base of repetitive assets that provide sustained business."

Let's put it this way: A lot of show business types are going to make more money selling stock than selling entertainment. And Joe Investor may well be headed for the cleaners. ■

What's the difference between selling a quick oil change and selling a Big Mac? Answer: Not all that much.

McOil Change

By John Merwin

ONE MORNING 32 years ago, milk shake machine salesman Ray Kroc stood in a parking lot in San Bernardino, Calif. eyeing a local hamburger stand owned by two brothers, Mac and Dick McDonald. Dozens of people were lining up to buy hamburgers, fries and shakes. After studying the scene for a while, Kroc figured out why: The parking lot was spotless, prices were modest, there was no waiting, the menu had only a few items, and every movement in food preparation had been studied, timed and broken down to simple steps for workers.

A veteran marketing man, Kroc knew a simple but great idea when he saw one: It was assembly-line precision applied to food retailing. Ray Kroc bought out Mac and Dick McDonald, and you know the rest.

Now shift the scene to Salt Lake City in the summer of 1986. Stand in the spotless driveway of Minit-Lube, a fast-growing auto lubrication franchise, where cars are streaming into Minit-Lube's bays, three abreast. Why is this chain so successful? Perhaps it is because, aside from the drive-through car bays, Minit-Lube looks nothing like a greasy automotive business. It's clean, painted white and surrounded by neatly trimmed, lush landscaping. Even Minit-Lube's sign carries a subtle message—the red, yellow, orange and white are the colors of McDonald's, Burger King and Wendy's. Talk about image marketing.

In fact, the place should have been named McOil Change. The customer pulls up, is greeted by a smiling employee trained to make eye contact. The customer then places the standard order—a check or fill of brake and power-steering fluids, motor oil, battery water and filters for air and oil. Thereafter, a uniformed service team springs into action. One pops the hood to check and fill fluids. Another vacuums the interior and cleans windows. A third, from a pit below, works his way along the drive shaft, grease gun and wrench in hand, lubricating joints, draining the oil and replacing the filter. Within ten minutes the driver is on his way. The bill: $20. Sears charges the same for just an oil change and lubrication, and it can take up to an hour.

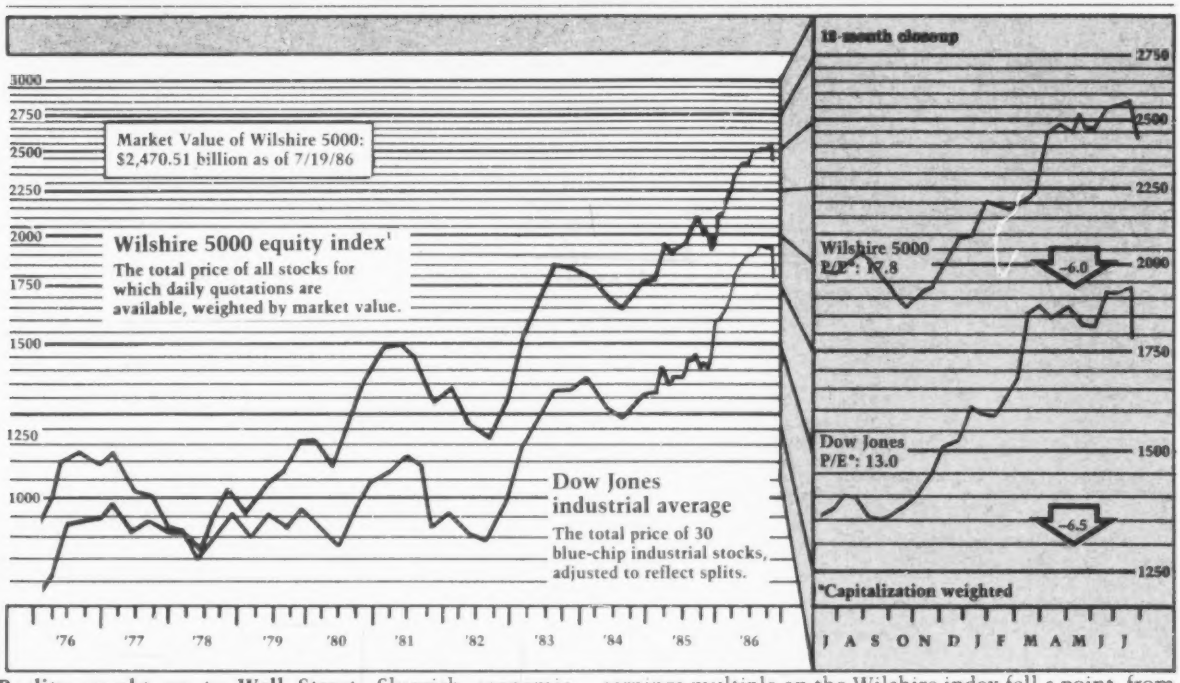
And our McDonald's analogy continues. McDonald's trains new franchisees at "Hamburger University," near Chicago. Minit-Lube trains them at a school in Salt Lake City. McDonald's rates employees in a highly publicized "All-American Team" compe-

Alejandro Tomás

A Minit-Lube service bay, Salt Lake City, Utah
The lube, oil and filter change takes ten minutes.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Reality caught up to Wall Street. Sluggish economic growth and disappointing corporate earnings scared some investors. Others were put off by the prospect of higher capital gains taxes next year. Whatever the cause, some handsome paper profits were converted into cash. The heaviest selloff was in Nasdaq issues, which fell 7.3% in the last two weeks. The Dow industrials finished with a 6.5% decline, while the overall market, as measured by the Wilshire index, lost 6%. Within two weeks the price/earnings multiple on the Wilshire index fell a point, from its recent peak of 18.9, to 17.8.

The Forbes Sales 500 is currently priced at 12.6 times 1986 earnings estimates and 10.8 times 1987 estimates *(see following page)*. For the last several weeks security analysts have been slashing forecasts in earnest. If estimates keep sliding, one of two things will happen: Multiples against forecast earnings will rise in order to prop up stocks at their current price levels, or share prices will fall.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-3.9	-4.5	-5.4	-3.7	-5.0	-4.0
in last 52 weeks	20.6	17.9	30.8	20.4	13.0	23.8

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-3.4	-2.5	-4.2	1.3	-5.5	-1.4	0.5	-3.7	-5.2	0.6	-2.2	-3.4
in last 52 weeks	21.3	40.3	56.8	28.1	18.3	33.0	21.3	39.7	50.2	34.1	35.5	24.9

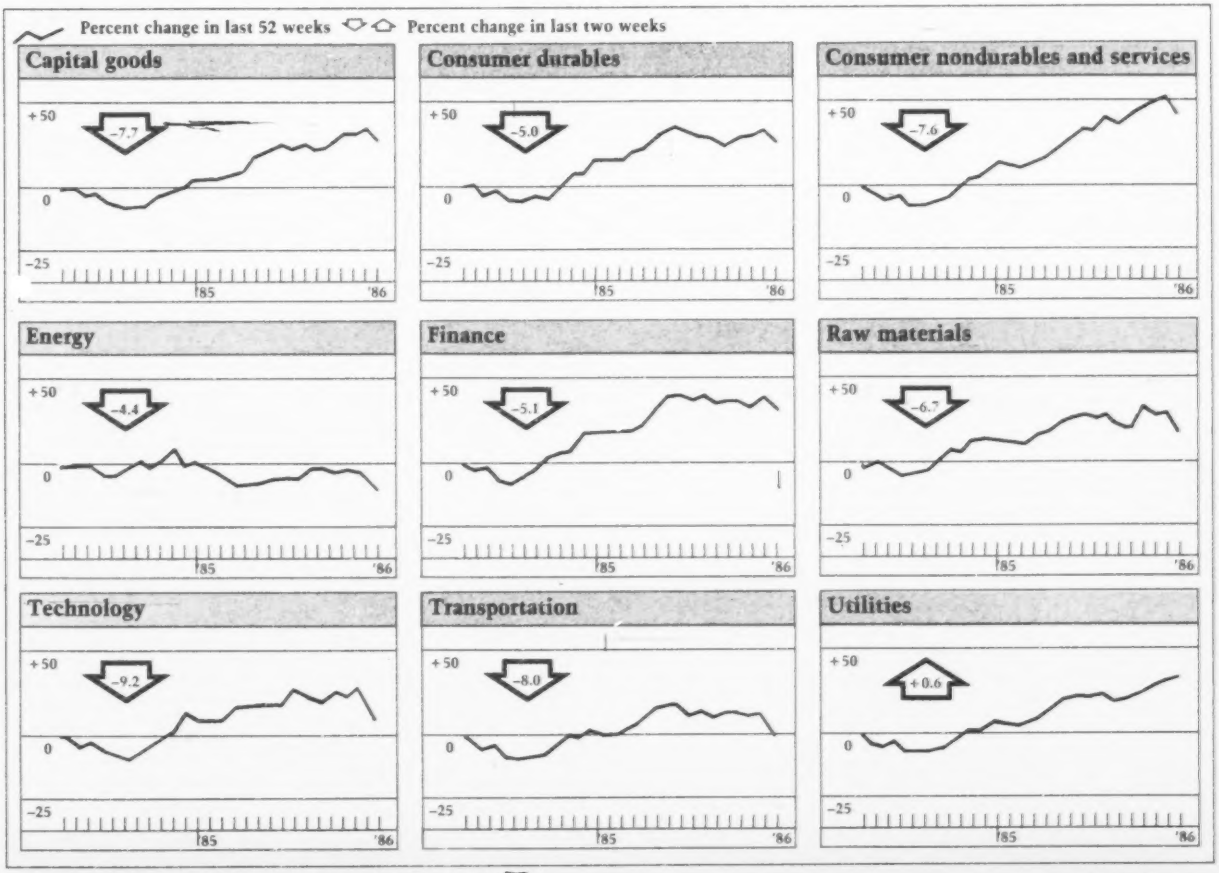
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 7/19/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Unpopularity contest. Except for the utilities, all Wilshire sectors fell out of investor favor over the last several weeks. Technology shares, with a 9.2% two-week decline, were off the most. IBM, on weak second-quarter earnings, led this group downward. IBM managed to lose more than $10 billion in market capitalization in ten trading days. Other technology issues that came under severe selling pressure include Advanced Micro Devices, Apple Computer and Burroughs.

The second-hardest-hit group was transportation, which fell 8%. The biggest losers in this sector were the airlines, thanks in large part to Texas Air, down 15%. Capital goods and consumer nondurables fared only slightly better, with losses just under 8%.



What The Analysts Think

Bottom of the barrel. Recent estimate cuts for oil stocks have not been as severe as those for most other groups. One reason is that energy estimates were drastically chopped earlier. Analysts also expect big companies that do a lot of refining to recover at the pump some of what they're losing at the wellhead.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.72	16.1
1986 estimates	3.47	12.6
1987 estimates	4.05	10.8

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Utilities	$3.33	10.2	-0.08%	-0.45%
2	Energy	2.23	12.4	-0.37	-3.15
3	Consumer nondurables	2.18	16.9	-0.40	-0.76
4	Finance	3.43	11.0	-0.60	-0.98
5	Capital goods	2.59	14.4	-0.88	-2.55
6	Technology	2.53	14.1	-0.99	-1.81
7	Consumer durables	3.72	10.1	-1.11	-1.45
8	Raw materials	1.85	15.5	-1.75	-2.16
9	Transportation	1.79	14.7	-6.44	-13.11

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 7/18/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

NA: Not available.

A company's operating margin, often overlooked, is a better measure of management skill than is its net profit margin.

How's business?

By Michael Ozanian

SHAREHOLDERS ARE, LOGICALLY, preoccupied with the bottom line. That tells them whether management is making them richer or poorer. But shareholders who want to know the how and the why need to look a little higher up on the profit and loss statement. There they will find operating income, which, divided by revenues, yields the operating margin. "There is no more important statistic than a company's operating margin to reveal how skillful management is in controlling operating costs and raising productivity," says Stephen Leeb, editor of the Jersey City, N.J.-based *In-*

Improved operations

These companies tracked by Value Line Data Services have all improved their operating efficiency by at least a fourth since 1980. Their stocks, however, have not kept pace with the market. In part, that is because high interest or depreciation expenses can prevent operating income from showing up on the bottom line.

	Operating margin			Price		Earnings per share		
Company/industry	1980 %	1985 %	industry avg %	recent	% change over 5 yrs	1985	% change 1980-85	P/E
American Bakeries/food processing	3.5%	5.3%	9.9%	27½	67.1%	$2.06	167.5%	13.0
Apache Corp/oil producing	41.9	62.6	47.6	8⅜	–60.1	0.38	–58.2	39.9
Banner Inds/industrial services	7.9	10.8	15.2	17	11.5	1.00	6.4	10.7
Bausch & Lomb/medical supplies	18.7	24.8	16.3	37⅞	37.7	2.23	6.2	16.7
Camco/oilfield services	12.8	17.0	18.0	15¼	–3.9	1.77	88.3	10.0
Chevron/integrated oil	9.5	18.7	17.2	35¾	–8.6	4.52	–35.6	7.9
Coastal/natural gas	8.7	12.6	14.6	30	2.9	3.61	28.5	NM
Du Pont/chemical	13.9	25.8	19.0	80½	70.4	4.61	–4.6	14.1
Exxon/integrated oil	11.9	16.6	17.2	59⅛	72.0	6.46	–0.5	8.3
General Motors/auto	0.5	7.3	8.1	75½	52.5	12.28	D–P	6.3
Gulf Resources & Chem/oil producing	14.1	29.9	47.6	12¼	–46.2	5.79	78.2	3.7
Hayes-Albion/auto parts	2.0	7.5	12.0	11⅛	25.4	1.54	D–P	9.0
Kaiser Cement/cement	10.2	13.7	14.9	13⅞	–49.0	0.94	–70.3	19.5
Lamson & Sessions/machinery	3.8	6.0	11.3	3⅜	–47.1	0.04	D–P	48.2
Mattel/toys	7.8	13.9	15.7	14	75.0	1.00	NM	20.9
Texaco/integrated oil	8.2	15.2	17.2	30	–14.6	5.11	–38.5	5.8
USX/integrated steel*	8.0	13.7	8.1	19⅜	–29.2	1.71	–67.4	58.7
Westmoreland Coal/coal	5.6	8.0	14.4	23¾	–11.2	1.24	D–P	11.5
Wickes Cos/retail	5.6	11.1	8.8	5¾	–56.3	0.11	–86.1	30.3
Wyman-Gordon/aerospace	13.2	17.2	9.6	21¼	–14.1	0.18	–89.1	NM

*Formerly US Steel. NM: Not meaningful. D–P: Deficit to profit.

Sources: Value Line Data Services, FORBES.

vestment Strategist.

Why doesn't the net income figure capture managerial success? Because it reflects not only operating decisions, like what style of jeans to sell or where to locate the transmission factory, but also purely financial decisions, like how much leverage to put in the balance sheet. Moreover, a buyer of a business will be much more concerned with its operating income than with the net income. After all, the acquiring company can control leverage, interest costs and taxes by the way it pays for the purchase, but it can't instantly transform a badly managed factory into a good one.

The table on page 120 lists currently profitable firms whose operating margins have gone up by at least a fourth over the past five years but whose stock prices have significantly trailed the market. Operating income is profit from continuing operations before depreciation, interest, taxes and extraordinary items. That is, a firm's business may be sound but its reported profits weak on account of high debt, depreciation, writeoffs or taxes. For almost half of the issues listed, profits went down even as operating margins increased.

Take Wickes Cos., the Santa Monica, Calif.-based distributor of building materials. The company's operating margin doubled between 1980 and 1985. Earnings, however, shrank from 48 cents a share in 1980 to 11 cents in 1985 because of exorbitant interest and depreciation expenses. Wickes, which emerged from 2½ years in Chapter 11 last year, currently has a debt-to-equity ratio of over 225%. But its strong operating margin, says Leeb, "makes it precisely the type of company a cash-rich takeover artist would be interested in."

Can a firm have an operating margin that is too high? John Elliott, an associate professor of accounting at Cornell, cautions, "If a firm's operating margin is considerably higher than the industry average, over time it will eventually creep back toward the average"—as competitors creep in.

Westmoreland Coal's operating margin is improving—it climbed 2.4 percentage points between 1980 and 1985—but is still below the industry average of 14.4%. In 1985, despite an industry oversupply that forced it to reduce prices by 2%, Westmoreland reduced costs 8% and increased its operating margin to 8%. On the bottom line, writeoffs from mine closings buried this improvement. Analysts haven't overlooked it, however; they expect the company to earn about $2 a share next year. ■

Statistical Spotlight

Better a business that has a moat around it than a business that has to fight for survival. Trouble is that moats are getting a mite expensive these days.

Franchise mania

By William Baldwin

THE LATEST FAD WORD on Wall Street is franchise. Businesses with "franchises" are worth anything; businesses without them are just businesses.

For this phenomenon you can thank Warren Buffett, the mighty media investor of Omaha. He popularized the word as a way to explain why it's so much better to own a television network or an advertising agency than, say, an automobile plant. Now, alas, lots of very ordinary analysts parrot the word, especially when they want to justify a lofty stock price. They argue, in effect, that any company trading at a big multiple of its book value must, by definition, possess a franchise of some sort.

But what does Buffett mean by franchise? He gave a definition in a Columbia Business School seminar last year: "The test of a franchise is what a smart guy with a lot of money could do to it if he tried. If you gave me a billion dollars, and you gave me first draft pick of 50 business managers and 50 journalists, and you said, 'Go take the *Wall Street Journal* apart,' I would hand you back the billion dollars. There are some businesses that have very large moats around them. Those are the businesses you want."

To put it in popular terms: A franchise is a circumstance that gives a company some degree of monopoly pricing power. It could be a government license, a government-enforced trademark, or an economic fact of life—such as the fact that most cities won't support two newspapers, so the one that's left is sitting pretty. Buffett's Berkshire Hathaway owns the only paper in Buffalo, a franchise worth a few hundred million dollars. RJR Nabisco owns the Ritz franchise. This isn't a pure monopoly, of course—you can always buy some other cracker—but only one company is entitled to the shelf space and the consumer attention that this name brings. The name is probably more valuable than the cracker factories.

No question, a good franchise is a thing to own. The Tennessee family with the big Coca-Cola bottling franchise recently agreed to sell for $1.4 billion. Stock in Subaru of America, whose principal asset is an exclusive car-importing franchise, is up 49,100% since 1975. Pretty good, huh? But maybe it's time for investors to ask themselves if the franchise concept has been a bit overplayed. Is it possible that broadcasters, newspaper publishers, cable systems and consumer goods companies aren't worth the lavish prices that Wall Street assigns them?

Howard Fox, a portfolio manager at Carret & Co., a New York City money manager, thinks so. "This focusing on a narrow group has resulted in another Nifty Fifty—New York Times selling at 29 times earnings and so on. It's unhealthy," he says.

Another skeptic is Charles Royce, a fund manager in New York City with a preference for down-to-earth companies. (Royce Value Fund's top positions include a coal company, a coffee distributor and a lounge chair maker.) "Even dear old ABC isn't the franchise it used to be," he says, referring to a takeover that Berkshire Hathaway helped finance. "There could be

Expensive franchises

Some businesses, like Gannett's monopoly papers, are protected by what Warren Buffett calls a "moat" around them. But does it make sense to pay $70 for a moat around $5 of physical assets?

Company	Franchise	Pretax return on operating capital[1]	Aftertax return on tangible net worth[2]	Per share: tangible net worth	Per share: recent price
American Capital Management[3]	fund advisory contracts	550%	88%	$1.42	22⅛
American Home Products	drug brands	82	34	13.86	85⅞
Dow Jones[4]	newspaper	46	45	3.19	33¼
Gannett	newspapers, tv stations	60	67	4.71	74½
Kellogg	cereal brands	53	43	5.31	51½
Plenum Publishing	scientific publications	83[5]	42	10.36	65½
RJR Nabisco	cigarette and snack brands	31	NM	–0.49	51⅝
Subaru of America	car-importing franchise	76	29	5.41	30¾
Telerate	bond database	82	24	3.22	19
WD-40	lubricant brand	107	33	3.81	25¼

Data for fiscal year 1985 except where noted. [1]Income before interest, taxes and goodwill amortization, divided by debt plus equity less goodwill and excess cash. [2]Net income divided by year-end tangible net worth. [3]Data for 12 months to Mar. 31, 1986. [4]Reflects pro-rata share of Telerate tangible net worth. [5]Includes deferred subscription revenue in operating capital. NM: Not meaningful.

the potential for a fourth network, or other inroads. [Franchises] are not natural laws set down by Moses. They change over time."

In the early part of this century, traction companies that stayed in the good graces of city aldermen got lucrative exclusive franchises for their territories. In the 16th century Queen Elizabeth granted exclusive franchises to salt sellers—in effect, licenses to print money. Today's equivalent is a license from the Federal Communications Commission. Are franchises forever? Interborough Rapid Transit used to be a highflier on the Big Board. Today its assets are covered with graffiti.

This is not to say that franchises are worthless. Dow Jones is worth a lot more than its printing plants and typewriters. But is it worth $3 billion?

The table above presents a sampling of companies with franchises trading at large premiums to their tangible net worth. Tangible net worth is net worth minus the franchises—more precisely, net worth minus intangible assets like goodwill, patents and brand names. Profits are enviable; returns on tangible net worth for these companies are steep, in some cases outlandish. The only problem is that the franchise in question is not guaranteed. Someone may figure out how to get across the moat. ■

The Funds

Are big investors in funds subsidizing small ones? Some fund operators think so, and they're looking for ways to raise fees on those pesky small accounts.

Small investors, watch out

By Laura R. Walbert

SHOULD ONE MUTUAL FUND investor pay a higher percentage annual fee than another just because he has less invested in the fund? Or conversely, should larger investors get higher returns? There are rumblings in the mutual fund industry these days about allowing just that.

Traditionally, large and small fund investors have paid the same percentage advisory fee, the same percentage administrative fee, and so forth. But that's what some funds argue is so unfair. "A $10,000 account is not ten times more expensive than a $1,000 account. Yet normal mutual fund pricing structure assumes it is," says Richard Reilly, executive vice president of Fidelity Management & Research Co. Reilly says smaller accounts mean more clients and more pesky phone calls. "People who give you money expect to be talked to," he says. Reilly's solution: a management fee that scales down as the assets in an account grow.

For now, the debate centers on institutional funds where the idea is not completely new. Fidelity's Qualified Dividend Fund, solely for corporate investors with a minimum investment of $50,000, has an "advisory and service fee" that ranges from 0.78% for accounts of $50,000 to 0.48% for accounts over $2 million. Fidelity says that the bulk of the savings for larger accounts comes from the so-called transfer agent fee, for shareholder accounting.

The argument makes some sense. Most funds pay a flat fee per account to the fund's transfer agent, say $20 a year, regardless of account size. In a fixed-percentage fee scale, that might translate to a charge of 0.2%. So the

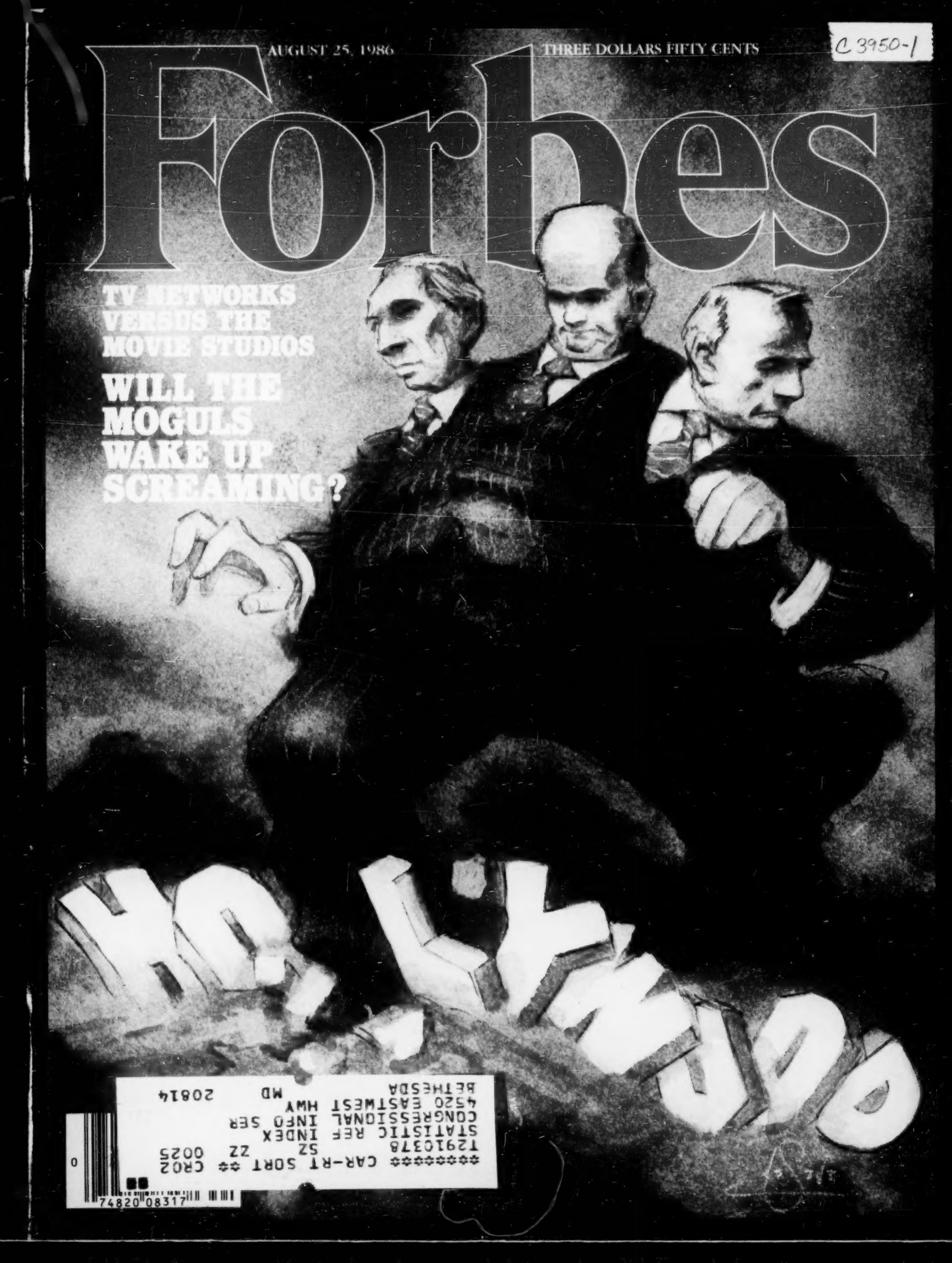
C 3950-1

AUGUST 25, 1986 THREE DOLLARS FIFTY CENTS

Forbes

TV NETWORKS VERSUS THE MOVIE STUDIOS

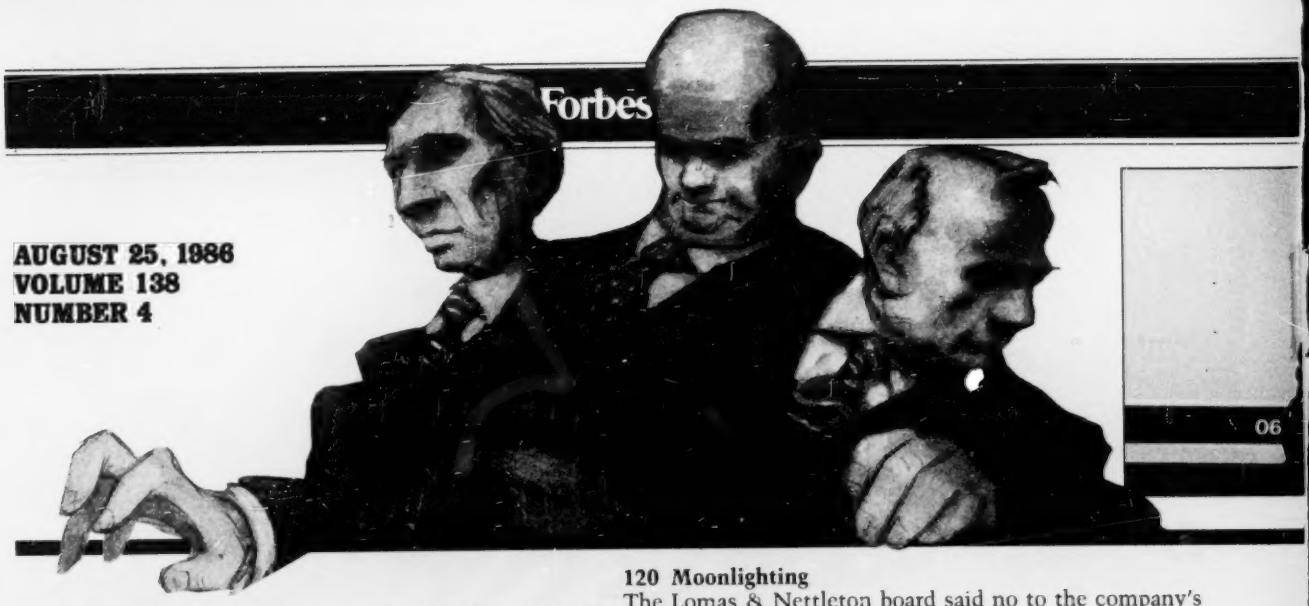
WILL THE MOGULS WAKE UP SCREAMING?



74820 08317
0
********** CAR-RT SORT ** C802
T2910378 S2 ZZ 0025
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes

AUGUST 25, 1986
VOLUME 138
NUMBER 4



The editorial index of companies referred to in this issue is on pages 164 and 165.

COVER STORY

92 Will Networks Take It Out Of Hollywood's Hide?
The television executives on our cover (from left, ABC's John Sias, Thomas Murphy and Daniel Burke) are among the network biggies who, to restore their flagging profits, are demanding lower costs from the studios that supply them with entertainment. It's going to be a nasty battle.

COMPANIES

32 Back To Simplicity
With its business flat on its back, what is Deere & Co. doing? Investing in the future.

66 The Up & Comers: The Perils Of Franchising
"They're all bleeding to death," says a former D'Lites of America franchisee, "and they can't stop it."

69 The Up & Comers: Do As I Say, Not As I Do
Franchising some operations has helped RJ Financial reduce the cyclicality that can swamp Wall Street's retail brokers. Now Tom James must hope big retailers don't copy him.

74 The Up & Comers: The Little Bus Company That Could
The big bus companies lobbied hard to get into this little bus company's territory. The big companies should have stayed where they were.

120 Moonlighting
The Lomas & Nettleton board said no to the company's doing it, so the brass made the deal themselves.

INDUSTRIES

52 As I See It: Computers
There is the depressing newspaper version of what's happening to the personal computer business. Then there is David Norman's version.

56 Financial Services
Personal bankruptcies are climbing and mortgage delinquency rates are high, yet everybody wants to lend money to consumers.

100 Computer Software
Forget what you have read about how the Japanese can't write good computer software. They can, they are, and they're beginning to sell it here.

113 Nuclear Power
Poor management and cost overruns aside, the biggest problem for the nuclear power industry is tons of lethal atomic waste that it produces each year.

INTERNATIONAL

30 "A Barbarian Personality"
How do Japanese manufacturers cope with a 150-to-the-dollar yen? Innovate, cut costs, move some operations abroad. Executives like Katsutaro Kataoka have taken far worse setbacks in stride.

DEPARTMENTS

6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
167 Flashbacks
168 Thoughts

COLUMNISTS

151 Ben Weberman
152 Susan Lee
153 Ann C. Brown
156 Kenneth L. Fisher
158 Srully Blotnick
160 Ashby Bladen
161 Stanley W. Angrist

MONEY & INVESTMENTS

25 What's Ahead For Business
26 The Forbes Index
145 The Forbes/Wilshire 5000 Review
148 The Forbes/TUCS Institutional Review

Cover illustration by Peter de Sève

30 *Katsutaro Kataoka*

56 *Second mortgages*

113 *Where to dump nuclear waste*

76 Yes, They Have No Bananas
Nicaragua's communist-dominated government tolerates capitalism, but for totally cynical reasons.

96 Stalling Out?
Is Tokyo's bourse immune to the laws of gravity? Or was that recent fall prelude to a sickening plunge?

INVESTING

34 A One-Man Revolution
If you want to grasp what is going on in the financial markets of our time, you had better know Michael Milken and understand what he is doing.

104 An Embarrassment Of Riches
The U.S.' third-richest private philanthropy, the MacArthur Foundation, has weathered some storms and begun to work its money harder. The big problem is that institutional money men almost always run a poor second to acquisitive benefactors.

162 Streetwalker
Arbitragers; Greenman Brothers Inc.; Pentair Inc.; Dennison Manufacturing Co.; McLean Industries.

TAXING MATTERS

87 Don't Talk To Strangers
The IRS doesn't prosecute many individuals for criminal tax fraud, but when it does, it usually wins. Here, an experienced tax defense attorney tells how the government's agents operate.

ON THE DOCKET

82 The Tripple Ripple Ice Cream Case
How much is a handshake agreement worth these days? Quite a bit, McDonald's learned, to its dismay.

MARKETING

124 Autodom's Persistent Bad Image
What do you do when you've improved your product but the public remains skeptical? Don't ask Detroit.

SCIENCE & TECHNOLOGY

127 The Psychology Of "The Right Stuff"
Surviving life-and-death catastrophes.

130 "Optimal" Health For Whom?
United Sciences of America runs a fast-growing diet scheme. It has impressive endorsements—or does it?

PERSONAL AFFAIRS

132 You Want To Talk Back Pain?
Most of the 80 million Americans who have back problems don't know exactly what ails them. But there is little mystery as to what will alleviate the pain.

CAREERS

134 Managers In Chains
Over 45 and recently "outplaced"? Franchisors have some deals for you. Some of them might even make sense.

FACES BEHIND THE FIGURES

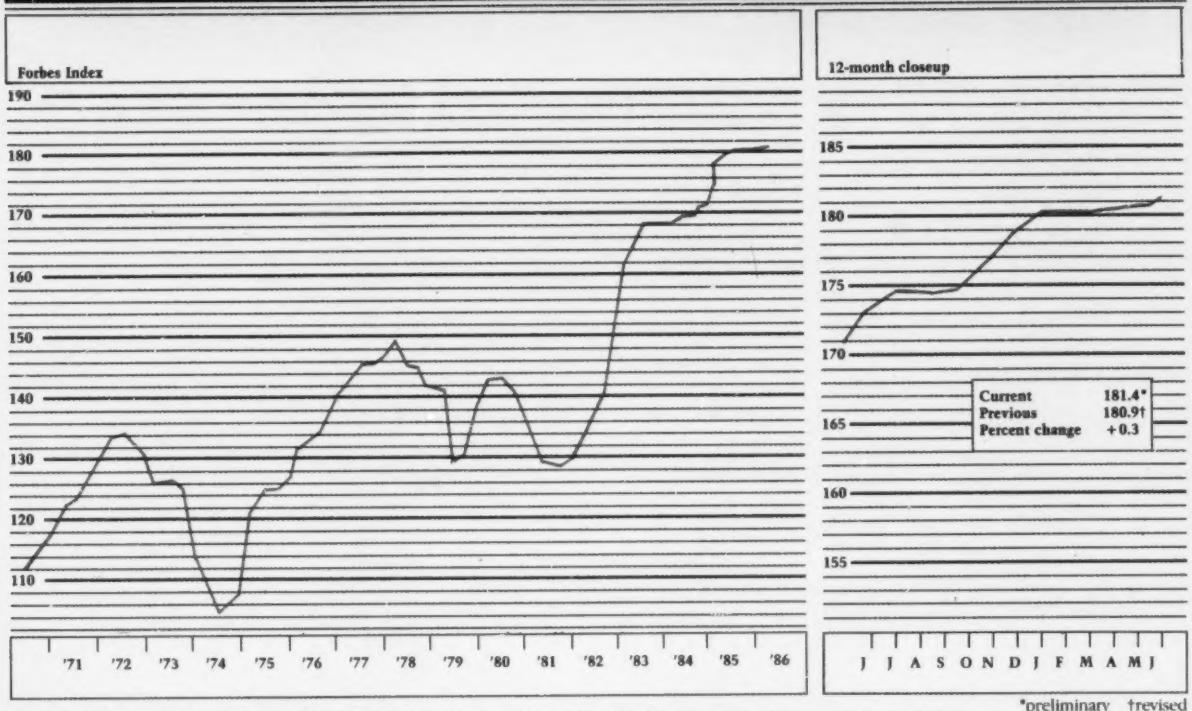
138 Lawrence Gibbs, *Internal Revenue Service*
138 John Connelly, *Crown Cork & Seal*
139 Ken Miller, *Merrill Lynch*
139 Leonard Lavin, *Alberto-Culver*
142 Philip Brinkerhoff, *Financial Corp. of Santa Barbara*
142 Larry Harmon, *Larry Harmon Pictures*

August 25, 1986 Volume 138 Number 4 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



*preliminary †revised

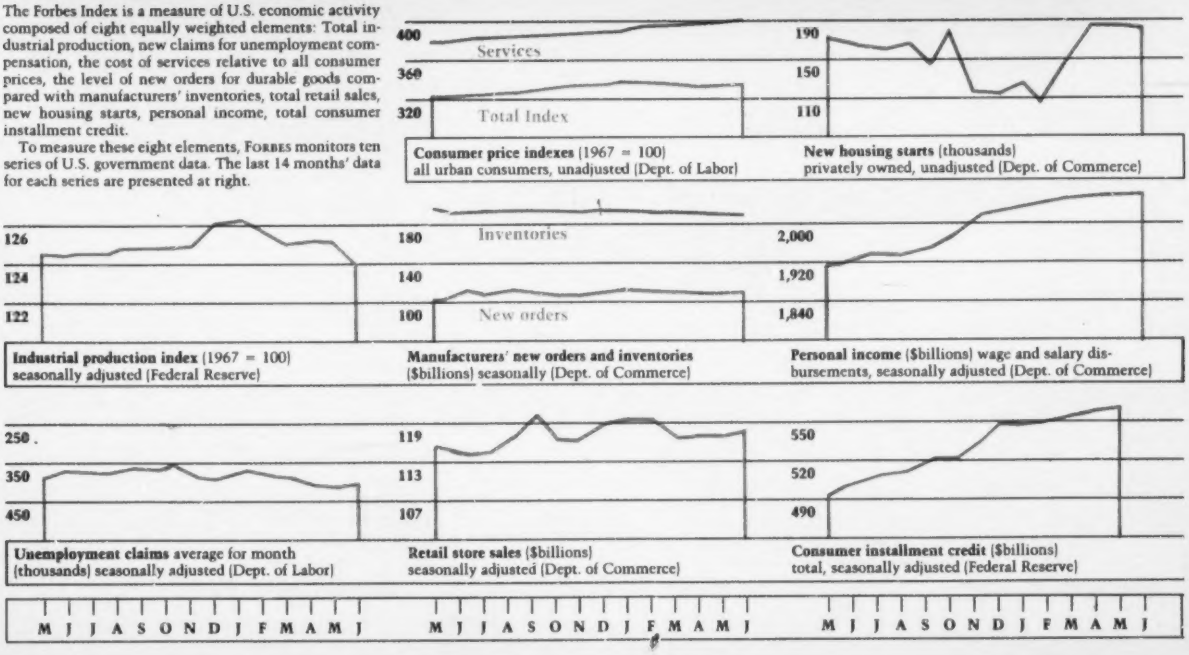
Hello, old friend. Manufacturing, which has been ailing of late, may soon pick up some steam. Why? Despite a substantial drop-off in new defense orders, orders for durable goods increased 0.1% during June, while inventories were reduced by 0.2%. The result was a 1% rise in the ratio of new orders to inventories, the first increase since February. This helped drive up the Forbes Index 0.3% during the latest reporting period.

Also forcing up the Index were the Consumer Price Index and personal income, which increased by 0.5% and 0.3%, respectively, from May to June. Since January, however, consumers have fared much better as personal income has increased by 1.8%, while the CPI—depressed by low energy prices—has fallen by 0.2%.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Hollywood's plump feather bed

Here is the clearly corpulent catalog of union costs for a typical but conservatively staffed TV episode or movie of the week compared with the same production using nonunion help. Here we are talking about a 5-day, 55-hour filming week, and the list covers only the basic technical crew. We've left out the so-called core production team—the director, cinematographer, art director and production manager—as a sop to those who argue that you must pay top dollar to get top talent.

Remember that the term featherbedding refers to more than just an inflated pay scale. More commonly it is used to indicate overstaffing, and we certainly have that here as well (e.g., there are three sound men on a union set vs. two on the nonunion set). Note, too, that about 35% of the union compensation is in fringe benefits.

This is not, however, an actual budget for a real show. It is an example provided by Cine Enterprises, a Santa Monica-based international production consultant. Cine has developed a healthy business showing Hollywood's newly budget-conscious film companies how to become low-cost producers. The pitch? Substantial savings can be gained by going nonunion and selecting filming locations carefully.

Further production savings can be realized by using small, cost-efficient "second units" to film scenes that do not require the full retinue of technicians and actors. Transferring the film to videotape before editing brings substantial savings, too, because editing videotape is much faster and simpler, and so more cost-effective, than editing film.

The big studios usually blame the unions alone for their fat cost structures. But recall, too, that the studios routinely add as much as 30% in equipment rental and other "fees" to the production price tag. So when you hear that a single episode of *Miami Vice* costs $1.4 million to make, only about a million of that is real cost. The rest is funny money.—**P.B. and S.F.**

Job category	Union rate	Personnel	Nonunion rate	Personnel
Assistant directors	**$5,617**	2	**$3,186**	2
Camera crew	**8,694**	4	**4,897**	3
Clerical & craft service	**5,915**	5	**4,661**	5
Costumes	**5,520**	3	**4,542**	3
Day players	**10,240**	10	**2,360**	10
Drivers	**30,340**	22	**19,824**	16
Electrical & lighting	**13,872**	5	**6,726**	4
Extras	**10,360**	50	**2,950**	50
First aid	**1,286**	1	**885**	1
Grips	**7,241**	4	**6,608**	4
Hair	**3,573**	2	**2,950**	2
Location manager	**1,770**	1	**1,770**	1
Makeup	**5,641**	3	**4,956**	3
Props	**5,517**	3	**4,130**	3
Script supervisor	**2,070**	1	**1,652**	1
Sets	**9,140**	6	**5,240**	4
Sound	**7,155**	3	**3,540**	2
Special effects	**5,520**	2	**4,720**	2
Stunts & stand-ins	**11,120**	5	**3,3[illegible]**	5
Total	**$150,591**	132	**$88,90[illegible]**	12[illegible]

took strikes to do it, as it did at many of its newspapers.

Imagine yourself a fly on the wall in a $960-a-night suite at New York's Ritz Carlton—25th floor, view of the park. A bevy of six-figure studio executives, producers and agents sit about, for two weeks, dressed in deluxe West Coast casual, wringing their hands, contemplating a multicolored mosaic of hypothetical prime-time schedules tacked to a bulletin board. Welcome to Pilot Pitch Week, where tempers are short and rumor is king. It is the last step in a nerve-racking, $150 million sales and selection process that brings the next season of *Dallas* or *Miami Vice* into your home.

Why are these men so nervous? "In a strange way, we're all living in the past," says David Gerber, who has been in the business since the Sixties, and is the president of MGM/United Artists Television. For Hollywood, it was a glorious past. From 1971 to 1983 ad revenues climbed at a steady 14% rate. So effective was TV as an advertising medium that the advertisers could always be expected to pick up double-digit increases in production cost. As icing on the cake, more and more independent TV stations came on the air and began clamoring for rerun rights. The number of independents doubled between 1980 and 1985. Syndication demand was good, supply was limited.

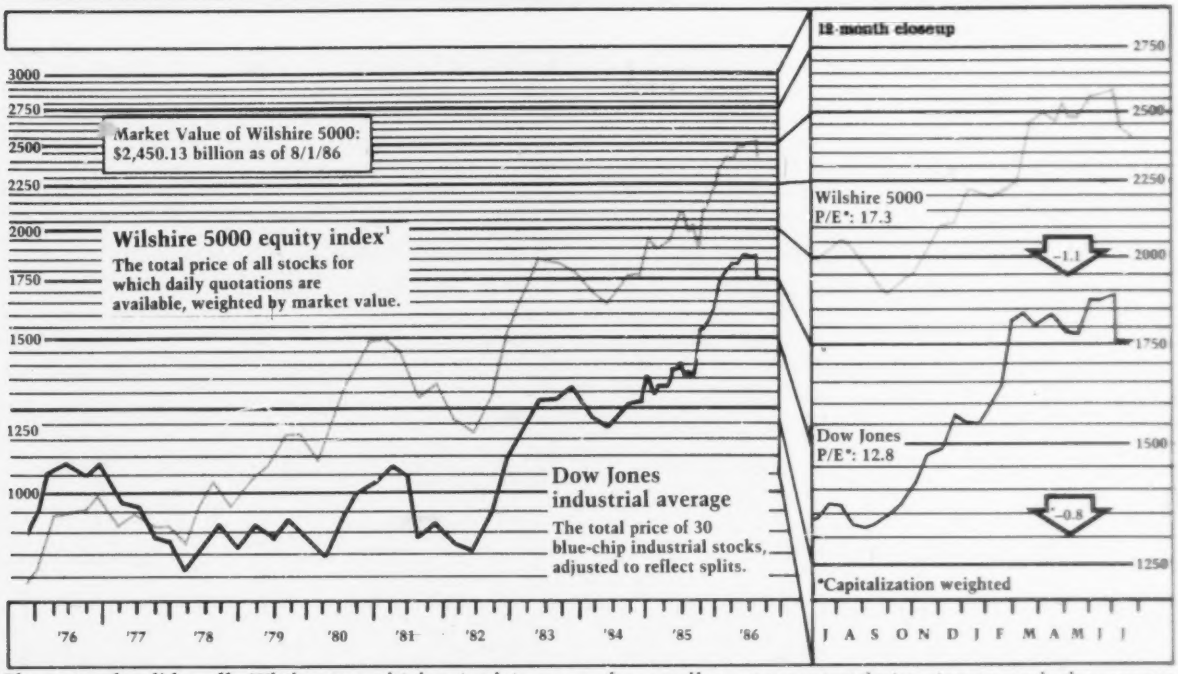
But in 1983 things began to change. Union wages and Hollywood's production budgets were still growing at double-digit rates, but advertising revenue growth dropped to single digits. The syndication market faltered. The confrontation between Hollywood and the networks was on.

Traditionally, Hollywood had been content with fees from the networks on hour and half-hour series that nearly covered production costs because there were such hefty profits in syndicating the reruns. But now the networks are refusing even to come close to covering producing costs, leaving the studios to absorb mounting investments, sometimes as much as $500,000 per episode. More than that, fewer shows are now on the air long enough to qualify for syndication. And another problem: Syndicating hour-long shows is no sure thing anymore—especially dramatic series with little kiddie appeal, because children are the prime audience in the early evening hours when independent stations get their highest ratings.

Take the ABC, hour-long action-adventure series *MacGyver*, slotted to run next year in the choice spot just before ABC's *Monday Night Football*.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Cheap stocks did well. While many high-priced issues have lately been pummeled down, low-P/E investors have been rewarded handsomely by Wall Street. Over the last 52 weeks, for example, low-P/E stocks (under 5) have gone up 31%, compared with only 15% for the high-P/E (over 25) issues.

Investors, blaming slumping bond prices and a weak economy, continue to push stock prices down. Hardest hit over both the latest two- and four-week periods have been the smaller, more speculative issues and the energy stocks. The Nasdaq has fallen 2.7% during the last ten trading days and 9.9% over the last four weeks, while the Amex has fallen 2.5% and 8.3% during the same periods.

Meanwhile, the overall market, as measured by the Wilshire index, went down 1.1% during the latest two-week period and currently sells at a price/earnings multiple of 17.3, its cheapest multiple since late May, when it was selling at 17.4 times earnings.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–7.1	–6.4	–7.2	–6.5	–8.3	–9.9
in last 52 weeks	21.6	19.1	30.3	22.0	11.1	21.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–6.8	–6.1	–7.8	–1.2	–10.3	–6.4	–3.3	–9.5	–8.5	–2.7	–6.2	–6.7
in last 52 weeks	23.1	34.8	50.3	31.1	14.7	31.4	23.7	33.6	45.9	36.3	36.5	19.5

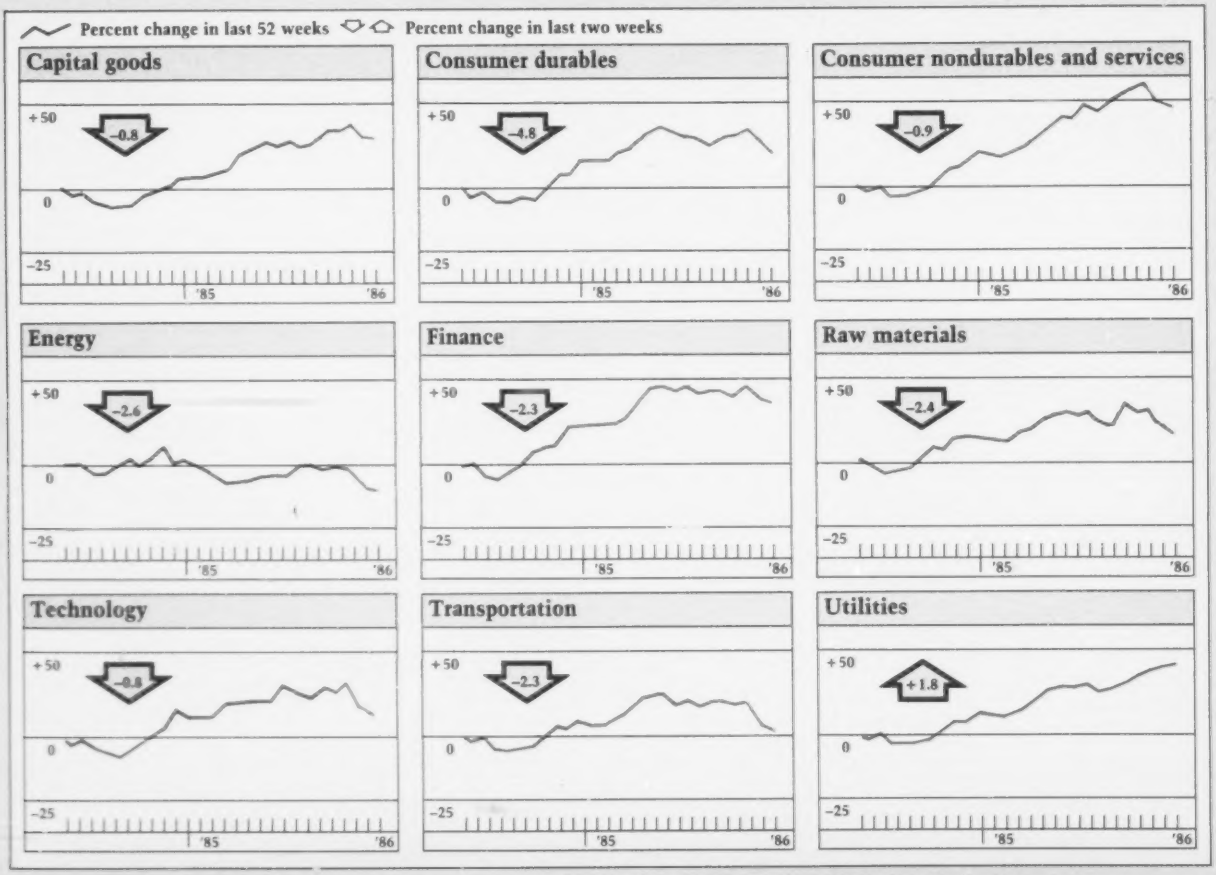
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/1/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Looking for yield. Over the latest two- and four-week periods, while the other eight Wilshire sectors have suffered declines, the utilities sector has posted gains of 1.8% and 2.4%, respectively. This is mainly because falling interest rates continue to make high-yield issues attractive. Leading the surge is American Water Works, the nation's largest privately owned water utility, which shot up 11% during the last ten trading days. The firm earned 68 cents per share during 1986's first quarter, vs. 52 cents for the same period last year. Analysts expect profits to be up about 14% for the year.

Over the past year, consumer nondurables have performed best, up 42%. The straggler has been energy, which is down 9%.



What The Analysts Think

Earnings estimates were slashed for all nine Wilshire sectors over the most recent two-week period. Hardest hit were transportation, down 4%, and technology, down 2.3%. Consumer durables, utilities, finance and energy currently sell at ratios to estimated 1986 earnings lower than the 12.6 ratio for the Forbes Sales 500.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.74	15.8
1986 estimates	3.44	12.6
1987 estimates	4.02	10.8

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Utilities	$3.31	10.5	-0.18%	-0.26%
2	Raw materials	1.85	15.3	-0.21	-1.97
3	Consumer nondurables	2.17	16.7	-0.23	-0.62
4	Energy	2.20	12.3	-0.78	-1.11
5	Consumer durables	3.69	10.1	-0.80	-1.91
6	Finance	3.31	10.7	-1.03	-1.92
7	Capital goods	2.56	14.2	-1.07	-1.93
8	Technology	2.51	14.2	-2.29	-3.21
9	Transportation	1.73	14.9	-3.97	-10.04

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 8/1/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kichen

By no means are institutional investors always right. In the second quarter they underperformed the averages. The 5.1% median total return of institutional equity portfolios lagged the 5.8% return for the Wilshire index of 5,800 common stocks. In the first quarter pension fund stock managers did somewhat better, with a median return of 15.6%, vs. 14.4% for the market.

The data come from the Trust Universe Comparison Service (TUCS) maintained by Santa Monica, Calif.-based Wilshire Associates. Wilshire gathers reports on about a fourth of the country's $1.6 trillion in pension assets.

In spite of the sharp drop in interest rates since 1984, stocks have outperformed bonds so far this decade. Wilshire reports that the five-year annualized return for equity is 19.3%, for fixed income, 16.7%. Cash—that is, liquid investments like bank CDs—returned only 11%. Over the last quarter and last 12 months, stocks remained on top *(see "Segment performance" box at right).*

The "shift in institutional holdings" column shows where the pros are moving their money. To compute these numbers, TUCS backs out the effect of price changes. If, for example, stocks are up 5% and a manager's stock investments climbed from $100 million to $105 million, that manager would be reported as putting no new money into stocks. Note the 9.6% shift out of investments overall in the past year. This shows that the bull market has enabled pension sponsors to draw cash out of their overfunded plans. However, the withdrawals from pension funds have been a mere 0.1% since Mar. 31. "The net drain of pension assets may be slowing down," says Dale Stevens, a Wilshire vice president.

The table below shows that value managers—those who selected stocks by fundamental criteria such as book value and cash flow—posted a below-market total return of 3.3% for the quarter. Managers who bought small, emerging growth companies did the best, with a 7% gain.

At the end of June the average institutional equity portfolio was selling at 19.1 times latest 12-month earnings, vs. 18.7 for the market. TUCS data show that stocks whose 1986 average P/E was between 15 and 20 posted the best one-year gain, a total return of 36.6%, vs. 35.3% for the Wilshire index. Stocks with P/Es over 20 fared the poorest, with a total return of 32.2%. Again, low-P/E investment strategy was vindicated, though barely.

How different managers performed

Manager style	Total return: recent quarter	12 months	24 months[3]
Diversified	5.1%	33.2%	31.4%
Growth	5.5	37.1	32.6
Growth—emerging	7.0	34.0	30.7
Market timer	4.7	30.2	26.4
Sector rotator	4.9	33.2	32.1
Value	3.3	30.6	31.2

Where the institutions put their money

Segment	—Portfolio weighting— most recent quarter	previous quarter
Equity	57.7%	56.3%
Fixed income	30.9	31.4
Cash and equivalents	8.0	8.8
Convertibles	0.8	0.9
Other[1]	2.6	2.6

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	19.1	18.7
Dividend yield	2.7%	3.0%
Beta[2]	1.03	1.07
Price/sales	1.10	1.07
Price/book	2.71	2.53

Segment performance and cash flows

Segment	—Most recent quarter— median total return	shift in institutional holdings	—Latest 12 months— median total return	shift in institutional holdings
Equity	5.1%	0.7%	35.6%	–9.6%
Fixed income	1.4	0.5	18.7	0.5
Cash equiv	1.8	–5.7	7.9	–15.5
Convertibles	2.8	–11.6	24.3	–26.5
Other[1]	1.7	–0.9	10.4	–5.8
Total	3.7	–0.1	29.4	–9.6

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
Philip Morris	11.7%	28.1%	Salomon	–5.7%	–12.9%
Chevron	3.9	6.7	RJR Nabisco	–3.3	26.2
Amoco	3.9	4.2	Coca-Cola	–2.8	20.1
Bell Atlantic	1.6	13.3	IBM	–2.5	–2.6
Merck	1.4	20.5	Chrysler	–2.1	–14.4
Allied Stores	1.3	43.0	American Express	–2.0	–8.6
USG	1.3	13.3	Sperry	–1.7	48.5
K mart	1.2	28.8	General Motors	–1.4	–8.6
NWA	1.2	–5.9	General Re	–1.3	3.7
FPL Group	1.2	5.0	Burlington North	–1.1	–14.6

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts. [2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P's 500. [3]Figures for 24 months are annualized.
Note: Data for quarter ending 6/30/86. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
	% of			% of	
Security	institutional universe	Wilshire 5000	Security	institutional universe	Wilshire 5000
Philip Morris	1.2%	0.5%	Exxon	0.5%	2.3%
Digital Equipment	0.9	0.4	IBM	2.8	4.4
American Express	0.8	0.5	AT&T	0.3	1.3
SmithKline Beckman	0.6	0.3	British Petroleum	0.0*	0.8
K mart	0.5	0.2	Amoco	0.4	1.0
General Re	0.5	0.2	Shell Trans & Trading	0.1	0.6
Ford Motor	0.7	0.5	Royal Dutch Petroleum	0.5	1.0
Syntex	0.4	0.1	Allied-Signal	0.0†	0.4
McDonald's	0.5	0.3	General Motors	0.8	1.2
Citicorp	0.5	0.3	Standard Oil Ohio	0.2	0.6

In the last quarter institutions drove down prices of energy stocks, which shrank from 10.2% to 9.5% of their stock portfolios. Six of the top ten stocks most underweighted in the institutional portfolio relative to the Wilshire index are oils. The selling, however, was selective: The "Position changes" table on the preceding page shows institutions continued to buy Amoco and Chevron.

Missing from the top institutional stocks by sector, below, are two former third-place issues. Investment bank Salomon Inc., posted the sharpest drop, 5.7%, in institutional holdings. Coca-Cola, a consumer nondurables stock, slipped 2.8% in the institutional portfolio.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	5.1% 4.9%	Consumer durables	4.7% 4.9%	Consumer nondurables	29.2% 28.2%
	total return		total return		total return
General Electric	3.9%	General Motors	–8.6%	Merck	20.5%
Caterpillar Tractor	–5.2	Ford Motor	2.0	Wal-Mart Stores	31.9
Westinghouse Electric	–1.7	Chrysler	–14.4	SmithKline Beckman	11.1
Emerson Electric	–4.3	Goodyear Tire & Rubber	–5.5	McDonald's	14.1
Deere & Co	–17.6	Whirlpool	15.7	K mart	28.8
Energy	**9.5% 10.2%**	**Finance**	**12.7% 12.9%**	**Raw materials**	**12.4% 12.4%**
	total return		total return		total return
Exxon	10.9%	American Express	–8.6%	EI du Pont de Nemours	9.9%
Royal Dutch Petroleum	16.1	Citicorp	–4.2	Dow	10.4
Mobil	14.0	General Re	3.7	Allied-Signal	–1.8
Atlantic Richfield	2.2	American Intl Group	–4.5	Waste Management	6.7
Schlumberger	9.3	Aetna Life & Casualty	–5.6	Monsanto	20.7
Technology	**15.2% 14.9%**	**Transportation**	**4.0% 3.9%**	**Utilities**	**7.2% 7.7%**
	total return		total return		total return
IBM	–2.6%	AMR	–3.7%	Pacific Telesis Group	20.7%
Digital Equipment	8.7	Norfolk Southern	–9.6	GTE	2.6
Boeing	11.1	CSX	–10.7	Southwestern Bell	20.0
ITT	16.0	Burlington Northern	–14.6	Nynex	15.8
Minnesota Mining & Mfg	9.1	UAL	–5.4	American Info Tech	15.8

*Exact figure is 0.03%. †Exact figure is 0.04%.

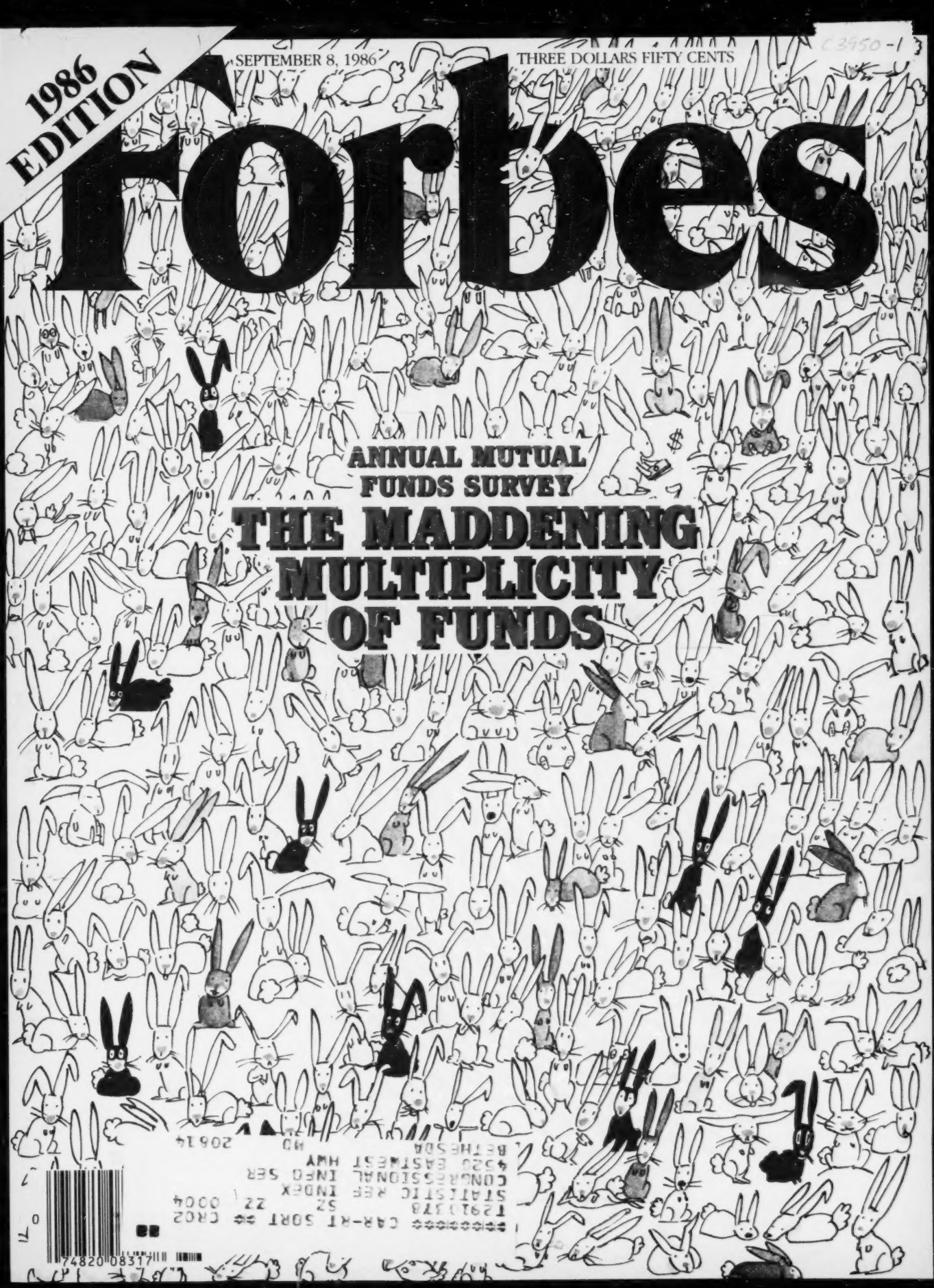
C3950-1

1986 EDITION

SEPTEMBER 8, 1986

THREE DOLLARS FIFTY CENTS

forbes



ANNUAL MUTUAL FUNDS SURVEY

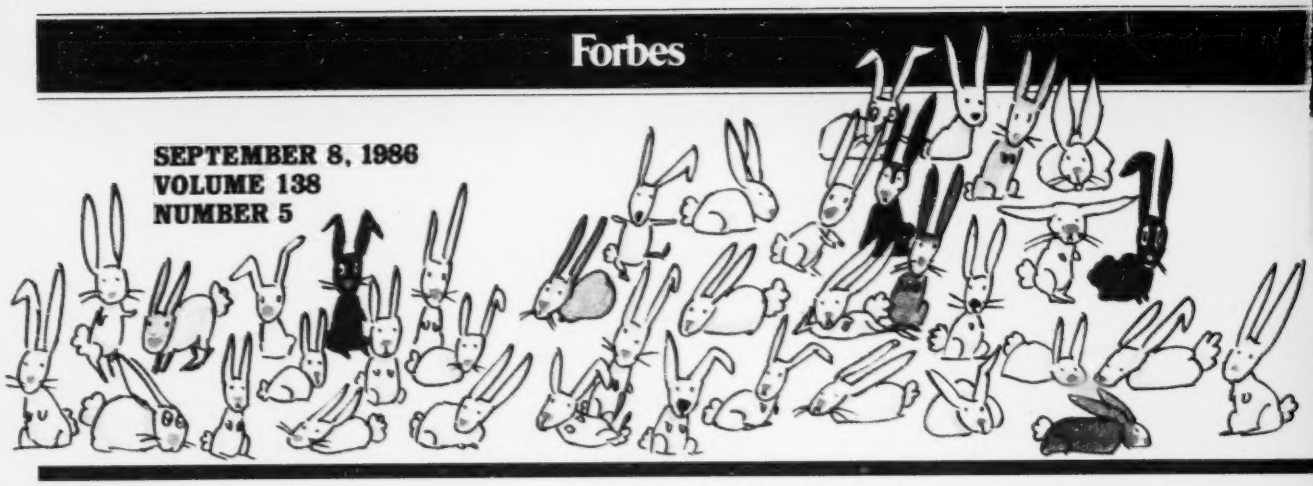
THE MADDENING MULTIPLICITY OF FUNDS

20614
M3
BETHESDA
CAR-RT SORT ** CR02
T291317B S2 22 0004
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY

74820 08317

Forbes

SEPTEMBER 8, 1986
VOLUME 138
NUMBER 5



The editorial index of companies referred to in this issue is on pages 268 and 269.

COMPANIES

30 Hold The Velveeta—Please Pass The Brie
To a lot of people, the Cadillac is just another GM "C" car. Don't blame the designers. Blame the way GM has been organized.

34 Master Of The Game
Reliance Group's onlie begetter, Saul Steinberg, traded debt for equity when stocks were out of favor. With stocks in favor, he's pulling the old switcheroo. Welcome to the billionaires club, Saul.

35 Now You See It . . .
As a film company, Cannon Group seems to walk on water. Is the miracle genuine? Or done with mirrors?

40 The Up & Comers: Debt's Downside
Like most young asset pyramiders, the founders of Winn Enterprises understood the wonders of leverage. Unfortunately, they overlooked debt's capacity to destroy as well as to create.

48 True Believers
Recognition Equipment's turnaround is stalled by scandal. So why are Saul Steinberg and some other Wall Street hotshots in a buying mood?

56 (Twice) Born-Again Bankers
Having twice succumbed to temptation, Memphis' Union Planters National Bank faces yet another enticement.

62 New Hope For The Dead
The old Anaconda copper company is no more, but out of its ruins is emerging a new and leaner operation. Butte, Mont., the old company town, is also working hard to find a new future.

INTERNATIONAL

32 The Fed In The Middle
Can foreign-owned banks waltz with Wall Street when U.S. banks are forbidden to do so by federal law? Japan's Sumitomo and Germany's ABD say, sure.

INVESTING

266 Streetwalker
Loews; First Executive and Monarch Capital; Sun Electric; French gold bonds; supermarkets; Texas Eastern.

ON THE DOCKET

72 Be Your Own Prosecuting Attorney
Some businesses think they have a new way to go after people who counterfeit goods.

MARKETING

76 Tough Slogging
It takes more than an improved editorial product to turn a magazine around. Just ask Jann Wenner.

SCIENCE & TECHNOLOGY

78 Space Cadets
So the kids came home with long faces from summer camp again? Okay, next year send them to astronaut school.

DEPARTMENTS

6 Side Lines
8 Trends
12 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
271 Flashbacks
272 Thoughts

COLUMNISTS

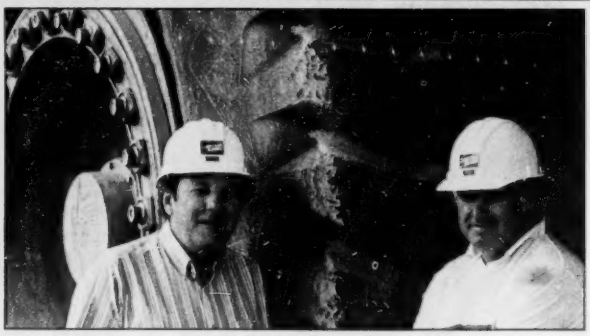
257 Ben Weberman
258 Susan Lee
260 David Dreman
261 Ann C. Brown
264 Srully Blotnick
265 Stanley W. Angrist

MONEY & INVESTMENTS

25 What's Ahead For Business
26 The Forbes Index
253 The Forbes/Wilshire 5000 Review

Cover illustration by Patrick McDonnell

30 *GM's John Grettenberger*



62 *Montana Resources' Gardner* (left) *and Tilman*

PERSONAL AFFAIRS

86 Getting In
Thinking of sponsoring a foreigner for U.S. residency? Be prepared for red tape, expenses and lawyers. And the coveted green card still might not be forthcoming.

CAREERS

92 References Upon Request
A bad employment reference can haunt you like a curse. If you are being bad-mouthed by a former employer or "friend," what can you do about it?

The Forbes 1986 Annual Mutual Funds Survey

100 Out Of Proliferation, Confusion
Since the 1982 bull market began, a riot of mutual funds has been loosed on investors. Forbes helps you make sense of the melee.

104 Buyer's Guide
You'll be tempted to sign up for the fund with the hottest record. Take a deep breath and go for consistency instead.

110 The Forbes Honor Roll
It's easy to do well in bear markets only or bull markets only. A handful of funds can deliver good results in both kinds of markets.

112 The Forbes Mutual Funds Survey Tables
The tables begin with stock funds, then cover balanced funds (which buy both bonds and stocks), bond funds, tax-free bond funds and money markets, and end with names and addresses of fund distributors.

234 The Long View
You've just opened a retirement account with a fund manager. Which should it be—stocks or bonds? A bond man gives a surprising answer.

238 Two Plus Two Still Equals Four
Options sound complicated. That makes them an excellent way to sell investors something they shouldn't get involved with.

240 Murphy's Law
Everything that could possibly go wrong, plus a few other things, seems to go wrong for United Services Advisors.

241 Late For The Party
As a group, funds that invest abroad have topped the charts lately. But by the time most folks recognize such things, it is rather late in the day.

242 Capital Pains
There's a little good news and a lot of bad news in the elimination of favored status for capital gains.

246 On The Shoulders Of A Giant
John Templeton is a legend in his own time. Can a legend be reincarnated?

248 All In The Fund Family
Shares of Franklin Resources are up 9,000% over the past four years. Too bad its funds don't perform like that.

FACES BEHIND THE FIGURES

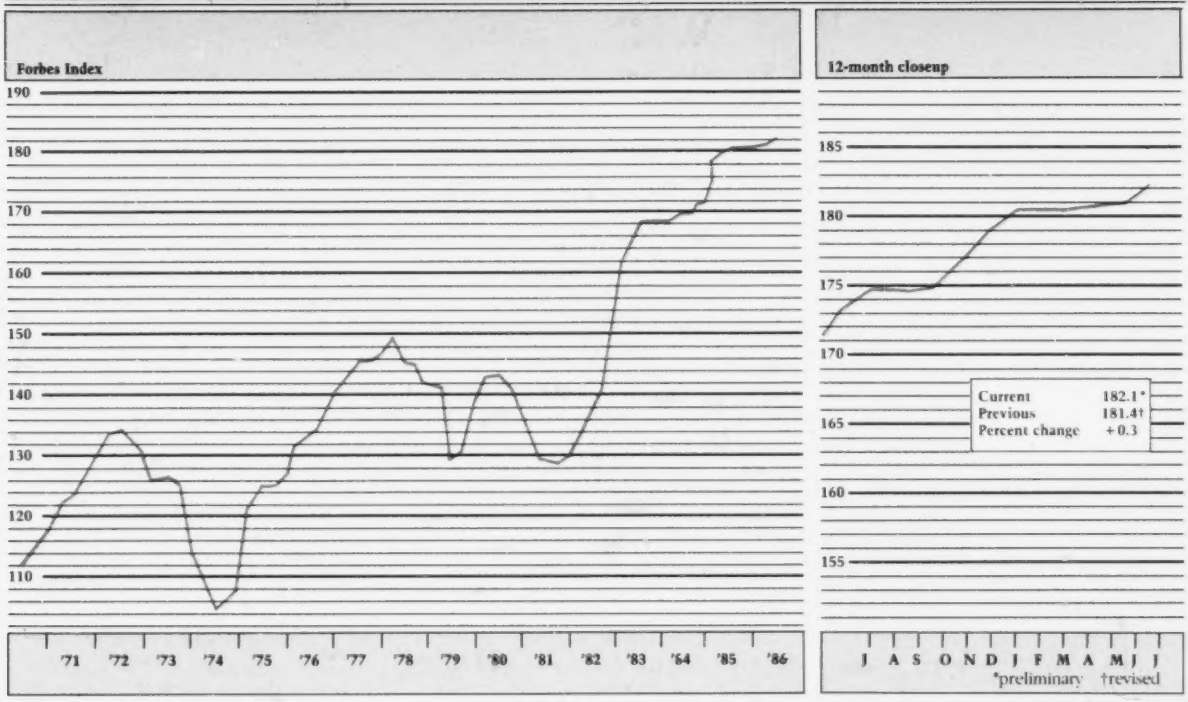
94 Jimmy Ling, *conglomerator*
94 David Yeh, *Universal Matchbox Group*
96 Anthony and Jerome Rich, *Reuters Holdings Plc.*
96 Irwin Shapiro, *Securities Training Corp.*

September 8, 1986 Volume 138 Number 5 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



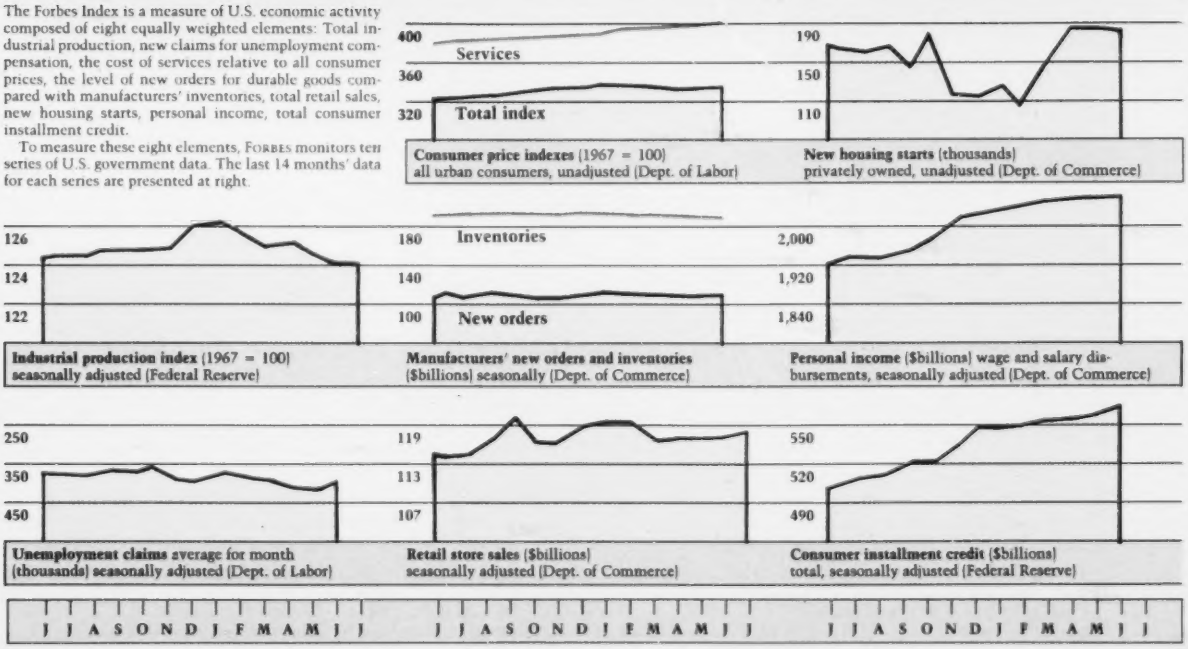
Slow factories. Although the Fed has brought down the discount rate from 7.5% in July 1985 to 6% at present, manufacturing remains weak. After a third straight month-to-month decline, the level of industrial production is back where it was 12 months ago.

The Forbes Index climbed 0.3% during the latest reporting period, thanks to rises in retail sales and consumer borrowing. Retail sales eked out a 0.1% gain during July despite a sharp drop-off in auto sales. Consumer installment credit rose 1.2% from May to June, the largest month-to-month jump since January. The pending tax reform bill, however, will disallow deductions for interest on credit cards and auto loans but not mortgage interest. This could cause consumers to curtail credit card use.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Since the 1982 bull market began, a riot of mutual funds has been loosed on investors. FORBES helps you make sense of the melee.

Out of proliferation, confusion

By Laura Saunders

AMERICANS HAVE DISCOVERED mutual funds—the small investor and the more substantial one as well. In the last 12 months to June 30, the number of equity and bond funds has jumped 31%, to 1,199. Fidelity Investments, the Baskin-Robbins of fund selling, has 108 portfolios.

"The specific, the regional and the foreign have really taken off. It looks like we could have a fund-a-day year," says Deborah Patterson, who has lately been staying up nights in order to keep track of SEC filings for the *Mutual Fund Monitor*.

How is the poor investor to make sense of it all? FORBES has been rating equity mutual funds since 1956, using a formula that rewards consistency of results. Consistency? Yes. Most surveys use a straight-line method that rewards funds with a single spectacular performance, whereas we seek out those that do well year after year and in varied markets. Remember this: Last year's results are a poor predictor of this year's, but good performance over a long time does have a certain predictive value for the future. In the tables beginning on page 112, FORBES lists 1,339 stock, bond and money market funds and assigns consistency ratings to the 316 equity funds in existence long enough to be measurable. This year, for the first time, we rate taxable bond funds, using a similar yardstick. Features on the fund business follow the tables.

Read the survey carefully if you are a fund investor or considering becoming one. The choices before you are overwhelming. Available or in the works are a junk bond fund for nonresident aliens; a fund for employees of religious groups and cemetery companies; a Germany fund, a France fund, an Italy fund, two Australia funds and two Scandinavia funds. A fund for Muslims; a fund that buys only shares of companies in Ohio; and a fund that lets you exchange your shares in South African precious metals firms for fund shares invested in non-South African precious metals firms.

The fund industry, responding to investor demand, has created a product to meet every conceivable investor need, and a few besides. In the first six months of this year investors dumped $75 billion more into stock and bond funds than they withdrew. That's only $5 billion shy of the total for all of last year, and triple the amount invested in all of 1984. Business is so good that Fidelity, the king of fund marketing, in the past few years has begun levying loads of 2% or 3% on its popular equity funds.

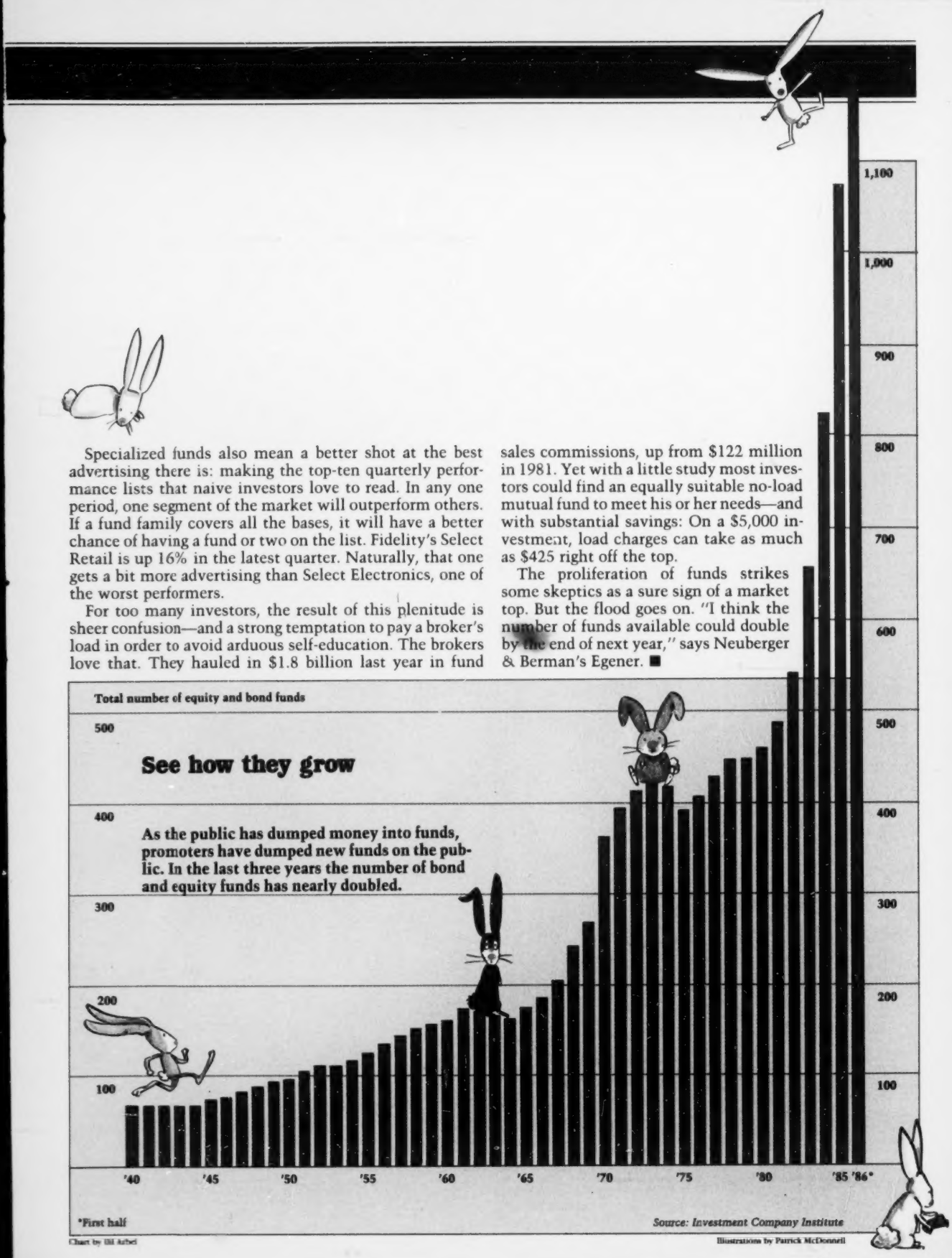
Newcomers to the mutual fund business include veteran money men like Mario Gabelli; Fred Alger, a former star jumping back into the business while running numerous TV ads promoting his firm's image; and banks like Chemical and Security Pacific. Banks can't sponsor or sell funds directly, but can manage portfolios and supply lists of depositors to fund marketers. Pension fund managers, such as Dimensional Fund Advisors in Chicago, and Miller, Anderson & Sherrerd in Bala Cynwyd, Pa., are using in-house funds to run institutional money. (FORBES doesn't catalog funds, like these, not open to the general public.) For all, "The barriers to entry are few, relative to sponsors' dreams about how much money they can make," says Michael Lipper, whose Lipper Analytical Services sells fund-rating data to the funds themselves.

For established fund families like Fidelity, Vanguard and T. Rowe Price—much as for tobacco or cereal companies—more brands mean more chances to snare investor dollars. "If it costs $100 to put an investor on the books and he puts only $1,000 in a growth fund, it takes too long to break even. You've got to get his money market and bond fund money, too," says Stanley Egener, president of Neuberger & Berman Management, of Partners Fund and Guardian Mutual Fund fame.

Where to find mutual funds tables

Stock funds	112
Balanced funds	146
Bond & preferred stock funds	150
Municipal bond funds	161
Money market funds:	
• Government	172
• General money market funds	174
• Tax-free money market funds	182
Fund distributors	186

Fund features begin on page 234.



Specialized funds also mean a better shot at the best advertising there is: making the top-ten quarterly performance lists that naive investors love to read. In any one period, one segment of the market will outperform others. If a fund family covers all the bases, it will have a better chance of having a fund or two on the list. Fidelity's Select Retail is up 16% in the latest quarter. Naturally, that one gets a bit more advertising than Select Electronics, one of the worst performers.

For too many investors, the result of this plenitude is sheer confusion—and a strong temptation to pay a broker's load in order to avoid arduous self-education. The brokers love that. They hauled in $1.8 billion last year in fund sales commissions, up from $122 million in 1981. Yet with a little study most investors could find an equally suitable no-load mutual fund to meet his or her needs—and with substantial savings: On a $5,000 investment, load charges can take as much as $425 right off the top.

The proliferation of funds strikes some skeptics as a sure sign of a market top. But the flood goes on. "I think the number of funds available could double by the end of next year," says Neuberger & Berman's Egener. ■

You'll be tempted to sign up for the fund with the hottest record. Stop, take a deep breath and sign instead for consistency.

Buyer's guide

By Laura R. Walbert

WE'VE SAID IT BEFORE. We'll say it again: Last year's results are a very poor predictor of this year's. Indeed, if the market was up strongly in the previous year and now heads down, then you can bet that last year's winners will be this year's losers.

What is one to do? Forget the hot-performer list. Look for a fund that has a history of doing respectably well in both bull and bear markets. In the FORBES rating system, that means a fund that gets a B or better in up markets and a B or better in down markets.

Consistency is everything. During a bull market like this one, with the Standard & Poor's 500 up 35.8% during the 12 months ended June 30, plenty of funds can post enticing gains. But too often investors jump into those fastest-rising funds just as the market—and the fund—is running out of steam.

Likewise, after a painful bear market, too many investors cling to the most conservative funds, at exactly the wrong time. Since no one can predict market swings with acceptable regularity—and we mean no one—an investor needs a fund that performs well in fair weather and in foul.

It's a matter of simple arithmetic. Suppose a fair-weather fund is up 50% during the bull market and loses—being probably highly volatile—35% when the market falters. Someone who had invested $10,000 with such a fund would be left with $9,750 after these two swings, a $250 loss despite the fund's early success.

Now suppose, instead, you put your money with a more steady performer. During the bull market period this fund earns only 25%, but it falls only 10% when the market drops. Your $10,000 investment would be worth $11,250. By going for consistency rather than for hot performance, you're $1,500 ahead of the other fellow.

The ability to capitalize on a market upswing and preserve capital during a market downswing is what the FORBES rating system measures. We grade funds separately on how well they do in bull markets and how well they do in bear markets.

Our formula is fairly complicated, but the essence of it is that, long run, you will be ahead if you pick a fund that performs tolerably well in both up and down markets rather than one that does spectacularly in bull markets.

Our grading is on a curve. If all funds did worse than the averages during one leg of a bear market, the least bad can still earn an A. Balanced funds, which invest in both bonds and stocks, are rated on their own grading curve, beginning on page 146. The ratings cover the 9¾ years from Sept. 30, 1976 to June 30, 1986 and include three up-and-down market cycles *(see chart, p. 112).*

Through the back door

If you call up the Pennsylvania Mutual or Explorer funds and ask about buying shares, you'll be told to get lost. Politely, of course. These consistently superior funds—and nearly two dozen more—don't want any more shareholders right now. At Loomis-Sayles Capital Development there's a six-month wait. Can an outsider buy them anyhow? Yes—but.

Mutual fund shares can generally be transferred just like other securities. All it takes is a buyer and a seller and perhaps a broker to bring them together. Indeed, in the late 1960s and into the 1970s more than two dozen mutual funds were traded over-the-counter. They were open-end funds because the fund manager would redeem shares at net asset value. But they wouldn't sell new shares. New investors, if they could get in at all, could do so only by buying out an existing shareholder—at a premium, if the fund was hot.

The T. Rowe Price New Horizons Fund, for example, traded over-the-counter at hefty premiums in the growth-stock bull market of the late 1960s. Quite an irony, considering how poorly the fund performed when the crash came in 1973.

Today the secondary market in shares of mutual funds that have closed their doors has all but vanished. The funds themselves now frown on the practice. It's fine if you give shares to your granddaughter, but you will have to do a bit of explaining if they think you're selling them at a premium. "We just would not approve it," says Robert Paczkowski, treasurer of the closed Sequoia Fund, of suspect transfers. They would be acting within their rights, since they can control the transfer of a registration on their own books. Of course, if you're determined, you could probably put shares in a trust in your name and then sell the interest in the trust to someone else.

"We wondered whether some enterprising young broker-dealer would try to make a secondary market," says Jeremy Duffield, senior vice president at Vanguard Group, which has closed three of its funds. "No one has. Maybe it's not worth the effort or the premium price."—**Mark Clifford**

This year, for the first time, we also rate taxable bond funds separately in up and in down markets. The swings in the bond market also cover three market cycles, but with different end-points *(charted on p. 150)*. Take a look at the grades. As with stock funds, there are fair-weather funds and foul-weather funds, but the best choice—the world being as uncertain as it is—would be a bond fund with a reasonable showing under both circumstances. Over the past 9¾ years T. Rowe Price New Income Fund almost always held short-term bonds rather than long-term ones, so it did extremely well when interest rates were rising and poorly when rates were falling. New Income rates an A+ during bear markets. But the same caution left it with an F for up markets.

We tinker with the raw performance numbers to keep an unnaturally good or bad performance in any one period from having too large an effect on a fund's rating. Without this adjustment, gold funds would be spectacular performers, when, in fact, their great showings are ancient history.

Now that you have the ratings in hand, you simply need to choose a fund with the right amount of risk for you. If you're looking for a stock fund and you would willingly suffer some bear market losses in order to enjoy a breathtaking bull market gain, you might look at funds with a bear market rating as low as a C if the fund also boasts a bull market rating of A or A+. Twentieth Century Growth, Weingarten Equity, AMEV Growth and IDS Growth are good examples.

On the other hand, if you're the conservative type, you may want to stick with stock funds that offer an A or A+ rating for down markets and less of a ride during bull markets. If that's the case, Mutual Shares, Source Capital and Fidelity-Equity Income each averaged over 20% a year for the past decade and earned As in down markets.

All performance numbers in the tables beginning on page 112 are stated before sales commissions and taxes. Yet sales loads do eat into an investor's real return. So for the funds on the honor roll *(see p. 110)*, we've calculated a hypothetical investor's earnings since 1976 with taxes and sales loads deducted. Look in the column labeled "Hypothetical investment results." However, all other performance numbers listed in the honor roll table and in the main tables are before taxes and sales loads. "Average annual total return" is the fund's total return for the 9¾ years, on a compound annual basis.

The column "Annual expenses per $100 assets" shows the fund's management fees and operating expenses, expressed per $100 of average net assets. A double dagger (‡) appears if the fund also has authorized a so-called 12b-1 plan, which allows the fund management to dip into shareholders' money to pay for advertising or brokers' commissions. Watch out for these 12b-1s. The 12b-1 expense is incorporated into the annual expense total, but we remind you of it because it's an insidious load that careful shoppers will avoid. Money spent hustling the fund doesn't help your pot grow.

Closed-end funds, which are bought like shares of IBM or GM, have a fixed number of shares that can trade at a premium or a discount to the fund's underlying asset value. For a list of closed-end stock funds, see the beginning of the distributor tables on page 186.

Most funds are open-ended; that is, they sell more shares when more money comes in. Load funds are bought through brokers, no-loads directly from a distributor, usually the fund operator itself. Whether you're calling a distributor or meeting with a broker, ask for the fund's "statement of additional information" along with the prospectus. In those two documents, you'll find all the details about fund fees, performance and management.

Much of our raw data comes from CDA Investment Technologies, a Silver Spring, Md. consultant to money managers. Raw performance data on municipal bond funds come from CDA and Lipper Analytical Services. The yield, or return from income dividends, is based on the June 30, 1986 net asset value and dividends received during the prior 12 months.

We exclude from the survey funds that are closed to the public, such as the Elfun funds for General Electric employees and many funds available only to corporations. We also exclude personal holding companies like Baldwin Securities.

Here, then, is the information the investor will need to choose a mutual fund—or to measure funds he owns against others. Adapting the information to your own circumstances will take a bit of work. But, then, nothing worthwhile comes without effort. ■

Shake the apple tree, but don't cut the limbs

Remember the old wheeze about the two respectable Boston ladies who turned to prostitution rather than dip into their capital? Spending capital may no longer be thought a sin, but it is an almost certain way to go broke. Failing to realize this, tens of thousands of investors confuse yield and total return, and thereby consume their own capital. Here's the story:

A fund may advertise that its return was 23.6% for the past 12 months. Now, no sensible securities yield 23.6%—nor did they even at the height of the Paul Volcker interest rate squeeze. What the fund means is that its income from dividends plus its capital appreciation added up recently to 23.6% of the starting principal amount. But don't confuse this with yield. Most of that 23.6% came from market appreciation—which is neither predictable nor sustainable at that rate; the actual yield from dividends and interest was probably 3% or 4%. Now, let us suppose that in the next 12 months the stock market drops 10% and takes the fund down 10% with it. The fund might still yield 3% in dividends, but it would have a total return of –7%.

You can be sure that fund will not run big advertisements trumpeting: Our return last year was –7%. Nor will it tell you that with inflation at 4%, your return in terms of purchasing power was –11%. A similar problem arises with option funds, as we explain elsewhere in this issue. They have a way of making a return of capital look like yield.

Let's put it this way: Yield is like the apples produced by apple trees, but capital gains—or losses—are the growth or shrinkage of the limbs that produce the apples. Eat the apples, but take it easy on cutting the limbs for firewood. Translated into investment advice: Don't buy a fund just because it promises you a high "return" based on recent performance.—J.W.M.

The honor roll

SOME PEOPLE PICK FUNDS THE WAY THEY do horses. They bet on the one that finished first last time out. But buying the fund that was up the most last year is a prescription for trouble. Many a fund that buys high-risk, fast-moving stocks looks brilliant in a bull market but loses its investors huge sums in the inevitable bear market that follows. It is almost axiomatic that people lose more money in hot-performing funds than they gain. Why? Because the hot performance brings in a flood of new money, whereupon—almost inevitably—the hot performance turns cool or cold.

So how does a mutual fund get on the FORBES honor roll? Not by coming in first in any year, but by doing respectably well in all kinds of races, in up as well as down markets. Since one cannot predict the future, one wants a fund that will do well, come what may, not one that will glisten only when the sun shines. Alas, no announcement is made on Wall Street when the market is about to change direction. Thus the FORBES rating system demands that a fund earn a B or better grade in both bull markets and bear markets before it can qualify for the honor roll. It isn't hard at all to win a B in only up or only down markets—Bs go to the top 45% of funds in each group. Earning a B in both kinds of markets, however, is something only the most skilled can do.

Fund/distributor	Performance UP	Performance DOWN	Manager (consecutive years as manager)	Net assets 6/30/86 (millions)	Maximum load	Annual expenses per $100 assets
Acorn Fund/Acorn	B	A	Ralph Wanger (16)	$ 425	none	$0.78
Amcap Fund/American Funds	B	A	Michael Shanahan (1)	1,506	8.50%	0.54
American Capital Pace Fund/American Cap	B	A+	John Roche (1)	2,229	8.50	0.60
American Capital Venture Fund/American Cap	B	A	Robert Meyer (1)	415	8.50	0.68
Claremont Capital Corp/closed end	B	A+	Erik Bergstrom (10)	61	NA	1.06
Evergreen Fund/Lieber	A+	B	Stephen Lieber (15)	714	none	1.08
Fidelity Destiny Portfolio I/Fidelity	B	A	George Vanderheiden (6)	1,166	NA[5]	0.60
Fidelity Magellan Fund/Fidelity	A+	A	Peter Lynch (9)	7,412	3.00	1.08
Growth Fund of America/American Funds	A	A	William Newton (1)	829	8.50	0.69
Janus Fund/Janus	B	A	Thomas Bailey (17)	542	none	1.01‡
Mass Capital Development Fund/Mass Financial	A	B	William Harris (16)	1,035	7.25	0.71
NEL Growth Fund/NEL	A	B	Kenneth Heebner (10)	313	8.00	0.83
Nicholas Fund/Nicholas	B	A+	Albert Nicholas (17)	1,084	none	0.86
Over-the-Counter Securities Fund/Review	B	A	Binkley Shorts (5)	263	8.00	1.25
Partners Fund/Neuberger	B	A	Philip Steckler (11)[6]	431	none	0.93‡
Scudder Development Fund/Scudder	B	B	Edmund Swanberg (15)	359	none	1.30
Shearson Appreciation/Shearson	B	B	Harold Williamson (5)	279	5.00	1.10
Sigma Capital Shares/Sigma	B	B	Richard King (19)	102	8.50	1.01‡
Sigma Venture Shares/Sigma	A	B	Richard King (16)	93	8.50	0.95‡
Tudor Fund/Weiss, Peck	A	B	Melville Strauss (13)	191	none	0.95
Twentieth Century Select Investors/Twentieth Century	A+	B	James E. Stowers (15)	1,987	none	1.01
United Vanguard Fund/Waddell & Reed	B	B	Henry Herrmann (10)	525	8.50	1.05‡
Value Line Leveraged Growth Investors/Value Line	B	A	Mark Tavel (14)	306	none	0.80

[1]Most plans have lower minimum investment requirements for IRAs. [2]Average of price-to-earnings ratios for stocks in portfolio, weighted by size of holding as of 3/31/86. [3]Greater of security sales or purchases, divided by average net assets. A measure of trading activity. [4]Value on 6/30/86 of $10,000 invested 9/30/76, after taxes, for hypothetical upper-income investor *(see text for details)*. [5]Monthly contractual plans only. [6]Second manager, Dietrich Weismann, has two years' tenure. ‡Fund has 12b-1 plan (hidden load) pending or in force. NA: Not available or not applicable.

Consistency, then, is key. We also demand excellent performance over the long haul—a period that we define as 9¼ years, covering three market cycles *(see chart on following page)*. Our 23 honor roll funds have delivered a 20% or better compound annual return for that period.

To further narrow the list, we have added this year a new criterion. Honor roll members had to do well enough after taxes and sales charges to have turned $10,000 into at least $50,000 over the 9¼-year period if the investor reinvested all dividends. The aftertax results are shown in the column headed "hypothetical investment results." FORBES assumes tax rates that would have applied to someone with $100,000 of gross income in constant 1984 dollars, deductions equal to 20% of income and four exemptions. Loads, if any, were applied at 1986 rates. No deduction is made for the additional taxes that would be due if the investor cashed out his shares at the end of the period.

The rule on investment results penalizes funds paying out hefty income and capital gains distributions (better that fund shareholders simply see the fund's price per share go up, untaxed). The rule also penalizes funds with loads. In short, FORBES' rules for the honor roll simulate real life.

This year's honor roll boasts several newcomers: Partners, Shearson Appreciation, Sigma Capital and Value Line Leveraged Growth. We have dropped honor roll members that are closed to new investors. That knocks off the list the excellent Vanguard Explorer, Loomis-Sayles Capital Development and Pennsylvania Mutual.

The "portfolio turnover" column tells whether the manager's style runs to in-and-out trading. Since trading costs money, not only in commissions but in the spread between bid and ask prices, shareholders should keep an eye on it. Some—repeat, some—managers can achieve superior results in spite of heavy transaction costs. For the group below, "average" turnover means turnover in the vicinity of 60% a year.

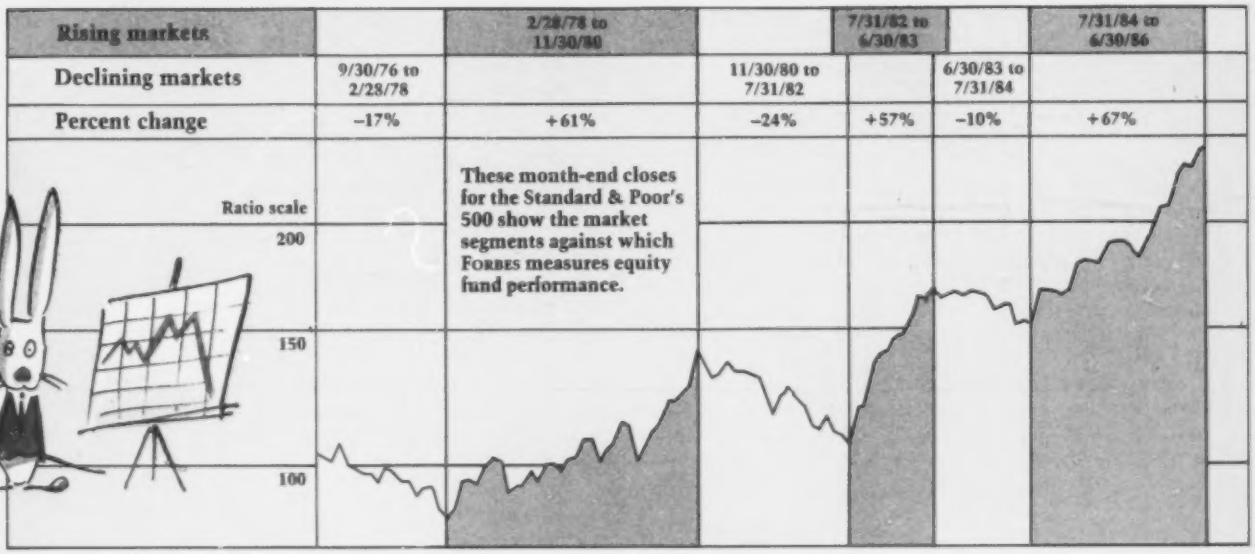
What about changes in fund management? Last year we received a letter from a portfolio management executive noting that Howard Schow, the man responsible for much of Amcap's long-term success, left the fund in 1983 and is now managing Vanguard's Primecap. "It's not the ships, but the men who sail them," he said. True enough.

So how does the investor make sure that the manager of an honor roll fund is the same one who achieved the honor roll results? We have allowed for that by telling readers how long their managers have reigned—shown in the third column below. The managers of Amcap, American Capital Pace, American Capital Venture and Growth Fund of America are new to the top spot. One should be alert to the possibility that the managers who created the honor roll performance are no longer in charge.—**Eva Pomice**

Minimum investment[1]	Weighted average P/E[2]	% of assets in cash	Portfolio turnover[3]	Average annual total return	Hypothetical investment results[4]	Fund (consecutive years on honor roll)
$1,000	28.3	10.0%	low	21.8%	$55,990	**Acorn Fund** (3)
1,000	24.7	17.1	low	22.3	54,889	**Amcap Fund** (8)
500	24.6	19.1	average	27.1	78,222	**American Capital Pace Fund** (5)
500	28.1	2.4	high	24.2	59,307	**American Capital Venture Fund** (4)
none	20.9	24.7	very low	25.0	75,735	**Claremont Capital Corp** (3)
2,000	17.9	10.0	average	27.9	92,297	**Evergreen Fund** (2)
NA[5]	16.3	1.2	average	24.1	50,420	**Fidelity Destiny Portfolio I** (4)
1,000	18.8	1.0	average	35.1	151,684	**Fidelity Magellan Fund** (5)
1,000	35.8	11.7	low	23.4	62,987	**Growth Fund of America** (4)
1,000	31.1	28.9	very high	21.9	50,934	**Janus Fund** (5)
250	23.1	1.5	high	24.1	61,688	**Mass Capital Development Fund** (2)
250	33.4	0.5	very high	23.8	61,248	**NEL Growth Fund** (2)
500	19.6	37.7	very low	25.1	75,700	**Nicholas Fund** (5)
500	20.6	7.0	low	24.5	62,745	**Over-the-Counter Securities Fund** (5)
500	15.1	15.2	very high	21.8	50,716	**Partners Fund**
1,000	25.8	2.8	low	21.7	61,805	**Scudder Development Fund** (2)
500	21.1	15.4	average	20.7	54,754	**Shearson Appreciation**
none	21.3	26.6	very low	20.9	52,544	**Sigma Capital Shares**
none	26.2	10.0	very low	23.7	66,823	**Sigma Venture Shares** (2)
1,000	29.0	1.5	high	23.1	72,130	**Tudor Fund** (2)
none	22.2	1.0	high	29.6	108,588	**Twentieth Century Select Investors** (8)
500	26.6	15.3	very high	22.1	52,104	**United Vanguard Fund** (2)
1,000	22.7	5.5	high	24.3	61,769	**Value Line Leveraged Growth Investors**

Stock funds

This list of stock funds includes funds that invest abroad and gold funds. To be rated, a fund must be in existence for at least two market cycles; that is, since Nov. 30, 1980. To obtain information about a fund, first find the distributor, listed next to the name of the fund in this table. Then use the distributor table on page 186. Closed-end funds aren't distributed; they trade the way other shares do, either over-the-counter or on an exchange.



Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		Forbes stock fund composite	16.7%	32.4%	2.2%				
C	D	ABT Growth & Income Trust/Leshner	14.2%	27.8%	5.6%	$123	5%	8.50%	$1.45‡
		ABT Investment-Emerging Growth/Leshner	—*	53.2	none	38	180	8.50	2.34‡
		ABT Investment-Security Income/Leshner	—*	12.9	1.4	19	–16	8.50	2.05‡
•D	•B	ABT Utility Income Fund/Leshner	—*	19.2	7.9	109	29	8.50	1.57‡
B	A	Acorn Fund/Acorn Fund	21.8	32.8	1.2	425	58	none	0.78
		Adam Investors/Conway	—*	28.3	3.8	14	88	none	2.53
D	B	Adams Express/closed end	15.8	36.0	3.0	522	29	NA	0.48
		Advantage Growth Fund/Advest	—*	—*	—*	14	—	4.00b	2.86‡
C	B	Affiliated Fund/Lord Abbett	15.8	32.3	4.8	3,125	30	7.25	0.32
B	C	Afuture Fund/Afuture	15.6	26.1	0.7	25	–6	none	1.60
		Alliance Convertible Fund/Alliance	—*	—*	—*	49	—	5.50	0.28‡
		Alliance Counterpoint Fund/Alliance	—*	41.1	1.6	38	101	none	1.41‡
		Alliance International Fund/Alliance	—*	93.5	0.1	139	94	8.50	1.24
		Alliance Technology Fund/Alliance	—*	40.6	none	153	14	8.50	1.13
C	B	Alpha Fund/Commodore	17.0	43.6	2.7	28	34	8.50	1.50

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		FORBES stock fund composite	16.7%	32.4%	2.2%				
D	B	AMA Fund[1]/AMA	14.3%	32.0%	1.8%	$34	18%	none	$1.60‡
B	A	Amcap Fund/American Funds	22.3	29.7	1.8	1,506	25	8.50%	0.54
C	A+	American Capital Comstock Fund/American Cap	22.0	20.4	2.4	1,001	22	8.50	0.58
A	D	American Capital Enterprise Fund/American Cap	19.4	33.9	1.7	718	13	8.50	0.61
		American Capital Exchange Fund/‡‡	—*	27.7	2.6	51	3	none	0.69
		American Capital OTC Secs/American Cap	—*	21.8	0.3	129	42	8.50	1.19
B	A+	American Capital Pace Fund/American Cap	27.1	23.7	3.2	2,229	47	8.50	0.60
B	A	American Capital Venture Fund/American Cap	24.2	17.8	0.9	415	–5	8.50	0.68
D	A	American Growth Fund/American Growth	17.0	15.1	4.2	71	3	8.50	1.32
B	D	American Investors Fund/American Invest	7.6	22.6	2.3	82	–3	none	1.32
D	B	American Leaders Fund/Federated	12.7	23.3	4.0	116	44	none	1.09‡
D	A	American Mutual Fund/American Funds	18.6	31.7	3.7	1,962	47	8.50	0.46
B	B	American National Growth/Securities Mgmt	18.4	34.6	1.6	102	9	8.50	0.95
D	A	American National Income/Securities Mgmt	14.1	23.4	3.5	62	27	8.50	0.90
		American Pension Investors Trust[2]/Amer Pension	—*	35.6	5.1	6	NM	5.00b	1.43‡
		American Telecommunications-Growth/‡‡	—*	38.9	2.4	45	23	3.00b	1.32
		American Telecommunications-Income/‡‡	—*	37.5	5.2	104	21	3.00b	1.07
A	C	AMEV Capital Fund/AMEV Investors	20.9	47.6	1.4	106	42	8.50	0.90
		AMEV Fiduciary Fund/AMEV Investors	—*	56.2	0.8	16	103	4.00	1.50‡
A+	C	AMEV Growth Fund/AMEV Investors	25.4	50.2	0.8	163	59	8.50	0.86
•F	•B	Analytic Optioned Equity Fund/Analytic Option	—*	15.6	3.7	84	–25	none	1.23
B	D	Armstrong Associates/Armstrong	14.6	17.8	2.7	12	7	none	1.60
A	C	ASA Limited/closed end	20.2	1.0	4.9	437	–4	NA	0.30
		Associated Planners Stock Fund/AIM	—*	40.7	0.5	5	178	8.50	2.39
B	F	Axe-Houghton Stock Fund/Axe-Houghton	13.5	35.1	0.4	108	8	none	0.95‡
		Babson Enterprise Fund/Jones & Babson	—*	23.7	1.7	62	208	none	1.58
D	D	Babson Growth Fund/Jones & Babson	11.5	35.0	4.0	254	18	none	0.76
		Babson Value Fund/Jones & Babson	—*	29.5	2.0	5	286	none	0.93
•B	•C	Bailard, Biehl & Kaiser International/Bailard	—*	110.6	0.7	131	111	none	0.98
B	B	Baker, Fentress & Co/closed end	19.0	44.0	2.1	456	38	NA	0.54
		Bartlett Capital Trust-Basic Value[3]/Bartlett	—*	32.2	6.0	65	142	none	1.56‡
		Bascom Hill Investors/Madison	—*	29.2	3.7	7	46	none	1.06
D	B	Beacon Hill Mutual Fund/Beacon Hill	13.3	35.1	none	4	34	none	3.40
D	A	BLC Capital Accumulation Fund[4]/Princor	16.9	37.0	3.5	56	80	8.50	0.80
B	D	BLC Growth Fund/Princor	15.6	42.7	1.7	26	40	8.50	1.00
C	C	Boston Co Capital Appreciation/Boston Co	15.0	38.6	1.3	474	50	none	0.96‡
		Boston Co Special Growth Fund/Boston Co	—*	39.0	1.3	67	49	none	1.35‡
D	C	Boston Mutual Fund/Boston Mutual	11.3	21.6	1.5	7	19	none	1.36
		Brandywine Fund/Brandywine	—*	—*	—*	41	—	none	1.60

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. ‡‡Exchange fund, not currently selling new shares. [1]Formerly PRO Fund. [2]Fund pays a 5% premium on share purchases and charges a 5% redemption fee. [3]Formerly Midwest Group-Bartlett Basic Value. [4]Formerly BLC Income Fund. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

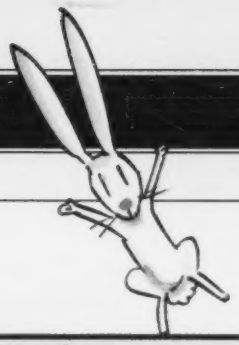
1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		FORBES stock fund composite	16.7%	32.4%	2.2%				
•D	•C	Bridges Investment Fund/Bridges	—*	31.5%	4.0%	$6	44%	1.00%r	$1.05
B	D	Bull & Bear Capital Growth Fund/Bull & Bear	17.5%	29.3	1.2	90	12	none	1.41‡
D	A	Bull & Bear Equity-Income Fund/Bull & Bear	14.4	30.2	5.0	8	48	none	2.14‡
		Bullock Aggressive Growth Shares/Bullock	—*	35.7	none	7	20	8.50	1.51
D	C	Bullock Dividend Shares/Bullock	14.2	39.4	3.2	374	28	8.50	0.95
C	C	Bullock Growth Shares/Bullock	14.6	39.9	1.6	180	19	8.50	0.93
		Calvert Equity Fund/Calvert	—*	32.1	1.5	9	28	none	1.90‡
		Calvert Fund-Washington Area Growth/Calvert	—*	34.9	0.1	17	NM	6.00b	2.25‡
D	D	Canadian Fund/Bullock	9.9	4.9	2.4	25	5	8.50	1.17
		Capital Exchange Fund/‡‡	14.9	30.3	1.9	74	18	none	0.76
C	B	Cardinal Fund/Ohio Co	18.8	37.1	2.1	81	153	8.50	0.89
		Carnegie-Cappiello Trust-Growth/Carnegie	—*	28.9	1.5	51	71	4.00	1.50‡
		Carnegie-Cappiello Trust-Total Return/Carnegie	—*	—*	—*	43	—	4.00	2.17‡
		Cashman Farrell Value Fund/Tenneco	—*	—*	—*	6	—	7.50	1.50
B	D	Central Securities/closed end	16.4	21.5	1.1	119	18	NA	0.92
D	A	Century Shares Trust/Century Shares	17.6	35.6	2.6	163	60	none	0.84
B	B	Charter Fund/AIM	20.8	35.3	2.0	90	13	none	1.11‡
C	D	Chemical Fund/Alliance	12.3	38.6	1.4	775	7	8.50	0.59
		Chestnut Street Exchange Fund/‡‡	—*	34.2	2.1	161	22	none	0.61
		Cigna Aggressive Growth Fund/Cigna	—*	23.6	0.8	20	117	5.00	1.26‡
C	D	Cigna Growth Fund/Cigna	14.2	31.5	2.4	235	20	5.00	0.85‡
		Cigna Value Fund/Cigna	—*	19.5	2.9	44	140	5.00	1.02‡
		CL Assets/closed end	—*	194.1	none	37	39	NA	1.30
B	A+	Claremont Capital Corp/closed end	25.0	44.0	2.8	61	37	NA	1.06
		Colonial Equity Income Trust/Colonial	—*	29.3	1.9	11	33	6.75	1.50‡
B	D	Colonial Growth Shares/Colonial	14.5	31.8	0.9	86	23	6.75	1.25‡
F	•B	Colonial Option Income-Portfolio I/Colonial	—*	16.1	2.6	1,264	–13	†	0.93‡
		Colonial Option Income-Portfolio II/Colonial	—*	14.6	2.5	214	33	6.75	1.03‡
A	C	Columbia Growth Fund/Columbia	19.9	28.6	1.3	292	42	none	1.06‡
		Columbia Special Fund/Columbia	—*	—*	—*	25	—	none	0.94‡
D	A	Commonwealth Indenture A&B/Trusteed	13.8	27.2	5.3	11	14	7.50	0.22
F	B	Commonwealth Indenture C/Trusteed	12.1	23.6	4.8	43	15	7.50	0.75
D	B	Composite Growth Fund[5]/Murphey Favre	13.0	26.0	3.5	69	45	4.00	1.70
		Connecticut Mutual-Growth/Conn Mutual	—*	—*	—*	19	—	6.25	1.35
		Connecticut Mutual-Total Return/Conn Mutual	—*	—*	—*	28	—	6.25	1.35
A+	F	Constellation Growth Fund/Prescott, Ball	21.5	49.6	none	151	34	none	1.10
		Copley Tax Managed Fund/Copley	—*	23.5	none	28	115	none	1.47
D	C	Corp Leaders Tr Fund Certificates Ser B/Lexington	14.9	37.0	4.5	76	26	—[6]	0.10
C	D	Country Capital Growth Fund/Country Capital	12.9	28.9	3.1	75	15	7.50	0.94

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. ‡‡Exchange fund, not currently selling new shares. [5]Formerly Composite Fund. [6]Fund not currently selling new shares; fund would charge a 6.7% fee for share purchases and charge a 1.5% redemption fee. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.



Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		Forbes stock fund composite	16.7%	32.4%	2.2%				
		Dean Witter Convertible/Dean Witter	—*	—*	—*	$1,342	—	5.00%b	$1.72‡
		Dean Witter Developing Growth/Dean Witter	—*	19.7%	0.4%	188	7%	5.00b	1.81‡
		Dean Witter Dividend Growth/Dean Witter	—*	33.4	2.7	1,084	390	5.00b	1.55‡
•B	•D	Dean Witter Industry-Valued/Dean Witter	—*	38.0	2.1	76	88	5.00b	1.24‡
		Dean Witter Natural Resource/Dean Witter	—*	5.4	3.0	38	69	5.00b	1.39‡
		Dean Witter Option Income/Dean Witter	—*	15.0	2.3	591	34	5.00b	1.94‡
		Dean Witter World Wide Investment/Dean Witter	—*	58.9	0.6	326	233	5.00b	2.35‡
D	A	Decatur Income Fund/Delaware	17.0%	26.8	4.9	1,072	39	8.50	0.65
C	B	Delaware Fund/Delaware	17.1	30.7	2.9	427	23	8.50	0.75
B	B	Delta Trend Fund/Delaware	19.1	41.3	1.4	110	26	8.50	1.30
		Depositors Fund of Boston/‡‡	—*	31.7	1.5	64	20	none	0.77
		Depositors Invest-Aggressive Growth/Putnam	—*	52.5	none	46	134	none	1.72‡
		Depositors Invest-Capital Growth/Putnam	—*	31.4	0.4	13	83	none	1.74‡
C	D	deVegh Mutual Fund/Alliance	12.2	30.3	1.7	60	10	none	1.22‡
		Diversification Fund/‡‡	—*	27.3	1.8	68	16	none	0.77
		Dividend/Growth-Dividend/Amer Investment	—*	15.8	4.2	5	2	none	2.00
C	C	Dodge & Cox Stock Fund/Dodge & Cox	16.7	37.6	3.1	46	41	none	0.68
C	B	Drexel Burnham Fund/Drexel	16.1	37.2	3.6	139	63	3.50	1.00
		Drexel Series-Convertible Secs/Drexel	—*	—*	—*	36	—	5.00b	2.70‡
		Drexel Series-Emerging Growth/Drexel	—*	53.4	none	45	NM	5.00b	2.50‡
		Drexel Series-Growth/Drexel	—*	25.8	4.7	23	451	5.00b	2.90‡
		Drexel Series-Option Income/Drexel	—*	16.2	3.6	36	91	5.00b	2.45‡
		Dreyfus Capital Value Fund/Dreyfus	—*	—*	—*	11	—	none	0.71
D	B	Dreyfus Fund/Dreyfus	16.1	27.4	4.3	2,671	23	8.50	0.75
		Dreyfus General Aggressive Growth Fund/Dreyfus	—*	63.4	none	27	783	none	1.51‡
A	C	Dreyfus Growth Opportunity Fund/Dreyfus	18.0	37.2	1.7	506	21	none	0.98
B	B	Dreyfus Leverage Fund/Dreyfus	18.3	32.8	3.6	530	14	8.50	0.94
		Dreyfus New Leaders Fund/Dreyfus	—*	59.9	none	80	NM	none	NA
B	C	Dreyfus Third Century Fund/Dreyfus	17.0	18.1	2.5	176	–1	none	0.97
D	C	Eagle Growth Shares/Universal	12.0	9.2	1.7	4	–18	8.50	1.51
D	C	Eaton & Howard Stock Fund/Eaton Vance	13.3	29.9	3.9	86	5	7.25	0.86
C	B	Eaton Vance Growth Fund/Eaton Vance	18.0	33.9	1.7	85	20	8.50	0.91
B	B	Eaton Vance Special Equities Fund/Eaton Vance	17.8	24.8	0.2	50	6	7.25	1.01
		Eaton Vance Total Return Trust[7]/Eaton Vance	—*	48.4	4.9	569	0	8.50	0.85
		Ellsworth Convertible Growth & Inc/closed end	—*	—*	—*	52	—	NA	NA
		Emerging Medical Technology Fund/closed end	—*	32.3	none	14	47	NA	2.24
C	C	Energy Fund/Neuberger	14.2	15.0	4.5	385	1	none	0.89
•A	•D	Engex/closed end	—*	62.4	none	21	57	NA	1.34
		Equitec Siebel Aggressive Growth Fund/Equitec	—*	—*	—*	6	—	5.00b	NA‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. ‡‡Exchange fund, not currently selling new shares. [7]Formerly Eaton Vance Tax-Managed Trust. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

The French have a word for it: Meridien

Boston
Houston
Montreal
New Orleans
Newport Beach
New York
San Francisco
Vancouver

For reservations worldwide, call 800-543-4300, in NYC: 212-265-4494.

MERIDIEN HOTELS
Travel Companion of Air France
Fifty hotels in Europe, Africa, Asia, the Near East, North and South America and the Caribbean.

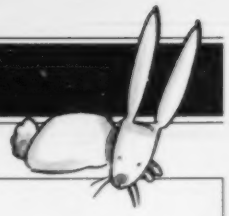
1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%
		FORBES stock fund composite	16.7%	32.4%	2.2%
		Equitec Siebel Total Return Fund/Equitec	—*	—*	—*
		Equity Strategies Fund/Whitman	—*	33.0%	none
		EuroPacific Growth Fund/American Funds	—*	57.4	0.7%
A+	B	Evergreen Fund/Lieber	27.9%	42.0	0.9
•C	•A	Evergreen Total Return Fund/Lieber	—*	32.4	5.1
		Exchange Fund of Boston/‡‡	15.8	33.9	1.7
A	F	Fairfield Fund/National Secs	15.2	32.6	0.5
		Fairmont Fund/Sachs	—*	34.6	0.9
D	C	Farm Bureau Growth Fund/PFS Management	12.5	24.0	2.3
		Federated Exchange Fund/‡‡	—*	34.0	2.4
		Federated Growth Trust/Federated	—*	42.5	1.8
		Federated Stock Trust/Federated	—*	29.6	2.9
		Fenimore International Fund/Drexel	—*	—*	—*
		Fidelity Congress Street Fund/‡‡	—*	45.3	2.5
C	D	Fidelity Contrafund/Fidelity	12.6	29.8	2.9
B	A	Fidelity Destiny Portfolio I/Fidelity	24.1	43.1	2.9
•B	•C	Fidelity Discoverer Fund/Fidelity	—*	31.2	1.6
C	A	Fidelity Equity-Income Fund/Fidelity	21.5	26.4	5.8
		Fidelity Exchange Fund/‡‡	—*	40.5	2.3
		Fidelity Freedom Fund/Fidelity	—*	39.1	2.0
C	C	Fidelity Fund/Fidelity	16.2	34.9	3.7
		Fidelity Growth & Income/Fidelity	—*	—*	—*
		Fidelity Growth Company Fund[9]/Fidelity	—*	43.8	0.4
A+	A	Fidelity Magellan Fund/Fidelity	35.1	52.3	0.8
		Fidelity OTC Portfolio/Fidelity	—*	48.4	none
		Fidelity Overseas Fund/Fidelity	—*	109.3	none
D	A	Fidelity Puritan Fund/Fidelity	16.9	26.3	6.9
		Fidelity Select-American Gold/Fidelity	—*	—*	—*
		Fidelity Select-Biotechnology/Fidelity	—*	—*	—*
		Fidelity Select-Brokerage & Investment/Fidelity	—*	—*	—*
		Fidelity Select-Chemicals/Fidelity	—*	—*	—*
		Fidelity Select-Computers/Fidelity	—*	—*	—*
		Fidelity Select-Defense & Aerospace/Fidelity	—*	25.3	none
		Fidelity Select-Energy/Fidelity	—*	0.2	none
		Fidelity Select-Financial Services/Fidelity	—*	49.0	none
		Fidelity Select-Food & Agriculture/Fidelity	—*	—*	—*
		Fidelity Select-Health Care/Fidelity	—*	52.0	none
		Fidelity Select-Leisure/Fidelity	—*	57.4	none
		Fidelity Select-Prec Metals & Min/Fidelity	—*	—17.2	none

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. **Available only through monthly contractual plan. ‡Fund has 12b-1 plan (hidden

Table of distributors, showing addresses and phone numbers, begins on page 186.



	Total assets		Maximum	Annual
	6/30/86 (millions)	% change '86 vs '85	sales charge	expenses per $100
	$ 60	—	5.00%b	$1.16‡
	9	33%	none	1.70‡
	131	260	8.50	1.31‡
	714	121	none	1.08
	569	353	none	1.11
	68	23	none	0.77
	57	10	8.50	1.17
	76	103	none	1.48‡
	47	6	none	1.01‡
	121	25	none	0.99
	54	421	none	1.00
	450	152	none	1.00
	55	—	none	2.67‡
	58	32	none	0.64
	93	9	none	1.00
	1,166	53	**	0.60
	137	5	none	1.13
	3,091	94	2.00	0.66
	166	27	none	0.62
	943	56	none	1.08
	874	24	none	0.66
	267	—	none	NA
	224	64	3.00	1.18
	7,412	158	3.00	1.08
	947	NM	3.00	1.49
	1,826	NM	3.00	1.45
	2,190	108	none	0.61
	8	—	3.00b	1.50
	57	—	3.00b	1.41
	26	—	3.00b	1.52
	43	—	3.00b	1.50
	11	—	3.00b	1.68
	11	3	3.00b	1.60
	44	18	3.00b	1.54
	209	81	3.00b	1.26
	38	—	3.00b	1.75
	408	64	3.00b	1.28
	348	407	3.00b	1.41
	103	–35	3.00b	1.48

load) pending or in force. ‡‡Exchange fund, not currently selling new shares. *Formerly Fidelity Mercury Fund. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available. NM: Not meaningful.

New Fund!

Think Global.

Introducing a new and attractive way to benefit from worldwide growth opportunities — Scudder Global Fund.

■ **Now you can be a global investor.** As a consumer, you benefit from products made in America as well as the Far East, Europe, and many other regions around the globe. Now you can benefit from global investing, too.

■ **Global growth opportunities.** Scudder's newest fund combines U.S. and foreign stock market investments. It's designed to provide a broad spectrum of opportunities — more than you can get by investing only in the U.S. And since American markets account for less than half of the world's common stock investments, a global philosophy is especially important.

■ **Professional management.** Global investing is a job for professionals. Scudder, Stevens & Clark's global specialists attempt to maximize your return potential by analyzing world economic and investment trends. At the same time we attempt to reduce the risks associated with international investing through broad diversification.

Scudder also offers *experience*. We introduced America's first no-load mutual fund in 1928, and have spent 33 years investing overseas.

■ **Mutual fund convenience.** Scudder brings worldwide investing easily within your reach. You don't need to deal directly with foreign market restrictions, currency conversions, foreign brokers or the many other problems which can confront the global investor. We do all the work so you won't have to.

■ **No sales charges.** You can invest globally with as little as $1000 ($240 for IRAs) and you pay no brokers' fees or sales charges. No redemption or transaction fees. No 12b-1 charges. 100% of your investment goes directly to work for you.

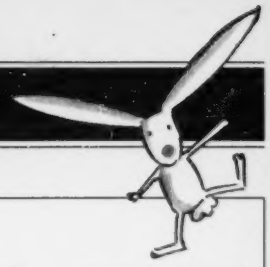
■ **Call or write today.** If you would like to find out more about becoming a global investor, return the attached card, call or write for our free information package.

SCUDDER GLOBAL FUND
175 Federal Street, Dept. 937
Boston, MA 02110

SCUDDER
800-453-3305
ext. 937

Call or write Scudder Fund Distributors, Inc. for a prospectus containing more complete information including management fees and expenses. Read it carefully before you invest or send money.

1986 Fund Ratings



Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**14.7%**	**35.8%**	**3.2%**				
		Forbes stock fund composite	**16.7%**	**32.4%**	**2.2%**				
		Fidelity Select-Property & Casualty/Fidelity	—•	—•	—•	$ 7	—	3.00%b	$1.51
		Fidelity Select-Retailing/Fidelity	—•	—•	—•	38	—	3.00b	1.67
		Fidelity Select-Savings & Loan/Fidelity	—•	—•	—•	51	—	3.00b	1.54
		Fidelity Select-Software & Computer/Fidelity	—•	—•	—•	18	—	3.00b	1.65
		Fidelity Select-Technology/Fidelity	—•	14.9%	none	240	–47%	3.00b	1.26
		Fidelity Select-Telecommunications/Fidelity	—•	—•	—•	6	—	3.00b	1.51
		Fidelity Select-Utilities/Fidelity	—•	34.3	none	112	37	3.00b	1.42
		Fidelity Special Situations Fund/Fidelity	—•	49.4	1.4%	38	127	3.00	1.50
B	D	**Fidelity Trend Fund/Fidelity**	14.1%	35.2	1.5	835	25	none	0.52
		Fiduciary Capital Growth Fund/Fiduciary	—•	33.9	0.7	66	56	none	1.30
		Fiduciary Exchange Fund/‡‡	—•	30.8	1.7	57	18	none	0.79
C	B	**Financial Dynamics Fund/Financial Prog**	16.4	32.1	0.7	88	13	none	0.90
C	C	**Financial Industrial Fund/Financial Prog**	16.2	28.6	2.5	417	16	none	0.72
D	A	**Financial Industrial Income Fund/Financial Prog**	17.1	37.2	5.3	342	37	none	0.71
		First Financial Fund/closed end	—•	—•	—•	89	—	NA	NA
C	C	**First Investors Discovery Fund/First Investors**	12.3	6.4	1.1	43	–11	8.50	1.17‡
B	F	**First Investors Fund for Growth/First Investors**	9.9	8.9	none	65	–8	8.50	1.06‡
		First Investors International Secs/First Investors	—•	20.7	0.1	29	–14	8.50	1.70‡
D	F	**First Investors Natural Resources/First Investors**	–4.4	–33.6	6.6	9	–18	8.50	1.40‡
		First Investors Ninety-Ten Fund/First Investors	—•	4.4	6.6	12	–68	8.50	1.36‡
F	A	**First Investors Option Fund/First Investors**	9.9	12.5	2.8	207	15	7.25	0.97‡
		Flag Investors-Telephone Income Shares/‡‡	—•	36.9	5.9	103	28	1.00†b	0.95‡
		Flex-fund-Capital Gains Fund/Flex	—•	33.4	2.1	9	60	none	1.50‡
		Flex-fund-Retirement Growth/Flex	—•	30.8	3.1	63	25	none	1.39‡
•A	•F	**44 Wall Street Equity/44 Securities**	—•	46.6	none	13	25	1.00	2.00
A	C	**44 Wall Street Fund/44 Securities**	4.2	8.0	none	34	–36	0.25b	1.38
B	D	**Founders Growth Fund/Founders**	17.7	40.6	1.6	69	40	none	1.17‡
F	A	**Founders Income Fund/Founders**	13.4	15.2	4.9	12	30	none	1.50‡
C	D	**Founders Mutual Fund/Founders**	12.9	43.3	2.9	202	37	none	0.70‡
A	C	**Founders Special Fund/Founders**	19.3	30.4	0.8	97	–22	none	1.02
D	D	**FPA Capital Fund/Angeles/Quinoco**	11.4	33.3	3.0	53	28	8.00	0.95
D	A	**FPA Paramount Fund/Angeles/Quinoco**	17.1	8.4	5.9	128	–10	†	1.03
		FPA Perennial Fund/Angeles/Quinoco	—•	18.4	2.6	57	74	8.50	1.21
B	D	**Franklin Custodian-Dynatech/Franklin**	16.3	15.9	2.1	43	–7	4.00	0.86
D	C	**Franklin Custodian-Growth/Franklin**	12.8	28.3	1.6	44	82	4.00	0.85
D	A+	**Franklin Custodian-Utilities/Franklin**	15.4	21.8	6.7	188	251	4.00	0.77
B	C	**Franklin Equity Fund/Franklin**	17.7	41.3	1.6	161	69	4.00	0.89
A	C	**Franklin Gold Fund/Franklin**	20.5	–18.1	4.5	93	–30	4.00	1.00
D	B	**Franklin Option Fund/Franklin**	14.2	19.3	1.8	19	108	4.00	1.10

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. •Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. ‡‡Exchange fund, not currently selling new shares. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**14.7%**	**35.8%**	**3.2%**				
		Forbes stock fund composite	**16.7%**	**32.4%**	**2.2%**				
		Freedom Gold & Government/Tucker Anthony	—*	16.4%	7.7%	$42	39%	5.00%	$1.45
		Freedom Regional Bank Fund/Tucker Anthony	—*	—*	—*	63	—	6.00	1.33
		FT International/Federated	—*	96.1	0.4	90	369	none	1.00
C	B	**Fund of America/American Cap**	17.6%	21.3	3.6	162	8	8.50	0.76
B	D	**Fund of the Southwest/Tenneco**	16.9	21.3	1.1	17	27	7.50	1.51
D	B	**Fundamental Investors/American Funds**	15.4	39.7	2.6	531	26	8.50	0.65
		Gabelli Asset Fund/Reich & Tang	—*	—*	—*	25	—	2.00r	1.23‡
F	•B	**Gateway Option Income Fund/Gateway Option**	—*	15.2	2.6	38	69	none	1.50
A	C	**General American Investors/closed end**	20.0	39.4	1.5	359	35	NA	1.29
D	C	**General Securities/Craig-Hallum**	14.6	28.8	5.1	17	20	none	1.50
		Gintel Capital Appreciation Fund/Gintel	—*	—*	—*	21	—	none	NA‡
		Gintel ERISA Fund/Gintel	—*	39.1	2.7	88	13	none	1.30‡
		Gintel Fund/Gintel	—*	30.6	1.8	132	17	none	1.20‡
		GIT Equity Trust-Special Growth/GIT	—*	49.5	0.6	19	403	none	1.35‡
•F	•D	**Golconda Investors/Bull & Bear**	—*	–1.9	0.4	21	–5	none	2.68‡
		Gold/Resources Fund/Van Eck	—*	—*	—*	8	—	7.50	NA‡
		Gradison Emerging Growth Fund/Gradison	—*	43.2	0.2	17	239	none	2.00‡
		Gradison Established Growth Fund/Gradison	—*	28.0	2.0	33	124	none	1.72‡
		Greenspring Fund/Greenspring	—*	19.1	5.5	14	26	1.00r	1.49
B	•D	**Greenway Fund/AIM**	—*	29.8	0.5	20	421	6.50	2.00
A	A	**Growth Fund of America/American Funds**	23.4	33.7	1.2	829	37	8.50	0.69
B	C	**Growth Industry Shares/Growth Industry**	17.4	27.9	2.0	84	20	none	0.95
		Growth Stock Outlook Trust/closed end	—*	—*	—*	138	—	NA	NA
		GT Global Growth-Europe/GT Global	—*	—*	—*	6	—	none	2.80
•F	•C	**GT Global Growth-Pacific/GT Global**	—*	59.0	none	49	15	none	1.40
B	B	**Guardian Mutual Fund/Neuberger**	18.2	28.2	3.8	558	23	none	0.76
B	B	**Guardian Park Ave Fund/Guardian**	21.1	43.6	1.7	133	76	8.50	0.70
C	D	**Hamilton Funds/Oppenheimer Inv**	13.2	36.6	2.9	257	18	8.50	0.89
		John Hancock Global Trust/Hancock	—*	—*	—*	53	–	8.50	1.51
A	F	**John Hancock Growth Trust/Hancock**	15.5	46.4	1.1	99	51	8.50	1.09
		John Hancock Special Equities Trust/Hancock	—*	39.2	0.4	14	820	8.50	1.50
A	D	**Hartwell Growth Fund/Hartwell**	20.1	30.1	none	11	–5	none	2.70
A+	D	**Hartwell Leverage Fund/Hartwell**	19.3	49.7	none	46	30	none	2.00
		Heartland Value Fund/Milwaukee Co	—*	37.3	0.5	26	285	4.50	2.50‡
		Heritage Capital Appreciation/ RJ Financial	—*	—*	—*	36	—	3.00	2.00‡
		Wayne Hummer Growth Fund/Hummer	—*	30.7	1.7	12	135	none	1.50‡
		Hutton Investment-Basic Value/Hutton	—*	28.2	2.6	299	351	5.00b	1.59‡
		Hutton Investment-Growth/Hutton	—*	33.7	1.7	1,216	39	5.00b	1.77‡
		Hutton Investment-Option Income/Hutton	—*	7.2	7.2	86	–43	5.00b	1.96‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

IT'S NOT A RISK WHEN IT'S BEEN DONE OVER 1250 TIMES.

FANTASTIC SAMS, the original family haircutters, is the world's largest and fastest growing haircare franchise, according to ENTREPRENEUR, 1986. It's no accident — Fantastic Sam's has sold over 1250 stores — and we're still growing with new sales each day!

Inquire today about owning a Fantastic Sam's franchise.

- no accounts receivable
- relatively low inventory
- weekly fees of $131.00
- $45,000 minimum investment
- no royalties
- in business for yourself, but not by yourself.

We have a system that will work for you! (Don't take our word for it; call any of our 400 owners, who collectively own over 1250 stores, and ask them. Most were never in the hair business.)

In USA, call 1-800-621-5307, 8:30-5:00 CST
In Canada, call 604-530-3177 or 416-441-6330

This offering made by prospectus only.

Fantastic Sam's

The original family haircutters.

LEGG MASON VALUE TRUST

252.2%

Total Investment Return*

*From commencement date of 4/16/82 to 6/30/86, total return includes reinvestment of all income and capital gain distributions. Past results are not necessarily indicative of future performance.

The LEGG MASON VALUE TRUST uses a common sense investment philosophy for

IRAs • ROLLOVERS

INDIVIDUALS • CUSTODIANS • CORPORATIONS TRUSTS • KEOGH PROFIT-SHARING AND PENSION PLANS

A Prospectus containing more complete information about THE LEGG MASON VALUE TRUST, including charges and expenses, will be sent without obligation. Read it carefully before you invest or send money. This advertisement does not constitute an offer in any state in which such an offer may not lawfully be made.

Call your local Legg Mason office or

Toll-free 1-800-822-5544
In MD 1-800-638-1107

LEGG MASON

Legg Mason Wood Walker, Inc.
Member New York Stock Exchange, Inc.
7 East Redwood St., Baltimore, MD 21202

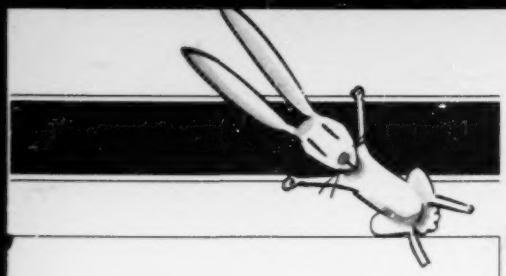
1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%
		Forbes stock fund composite	16.7%	32.4%	2.2%
		Hutton Investment-Precious Metals/Hutton	—*	-8.9%	0.3%
		Hutton Investment-Special Equities[9]/Hutton	—*	32.4	0.3
		Idex Fund/Idex	—*	29.4	1.1
		IDS Discovery Fund/IDS	—*	35.5	1.2
C	D	IDS Equity Plus/IDS	14.3%	40.2	3.3
A+	C	IDS Growth Fund/IDS	23.7	46.2	0.5
		IDS International Fund/IDS	—*	75.6	0.1
		IDS Managed Retirement Fund/IDS	—*	43.1	2.3
A	C	IDS New Dimensions Fund/IDS	21.1	43.6	1.4
		IDS Precious Metals Fund/IDS	—*	-5.8	1.9
C	B	IDS Progressive Fund/IDS	16.6	28.8	2.8
D	C	IDS Stock Fund/IDS	12.9	38.4	2.9
		IDS Strategy Fund-Aggressive Equity/IDS	—*	57.9	none
		IDS Strategy Fund-Equity/IDS	—*	26.5	2.8
		Industrial Series-American Fund/Mackenzie	—*	—*	—*
		Integrated Capital Appreciation Fund/Integrated	—*	40.2	1.2
A	C	International Investors/Van Eck	23.2	-8.2	5.1
		Interstate Capital Growth Fund[10]/Interstate	—*	11.3	none
C	B	Investment Co of America/American Funds	17.2	38.3	3.1
		Investment Port-Equity/Kemper	—*	21.3	0.3
		Investment Port-Option Income/Kemper	—*	8.5	1.5
C	F	Investment Trust of Boston/ITB	12.1	31.4	2.7
A+	D	Investors Research Fund/Diversified	21.9	54.4	1.4
		IRI Stock Fund/IRI	—*	42.4	2.3
F	A	ISI Growth Fund/ISI Corp	12.9	24.1	2.5
F	A+	ISI Trust Fund/ISI Corp	10.7	15.5	4.9
		Italy Fund/closed end	—*	—*	—*
C	B	Ivy Growth Fund/Ivy	18.0	26.4	2.9
B	A	Janus Fund/Janus	21.9	31.0	3.4
		Janus Value Fund/Janus	—*	31.5	3.0
		Janus Venture Fund/Janus	—*	43.9	2.1
D	A	Japan Fund/closed end	18.3	98.4	0.3
D	B	JP Growth Fund/Jefferson-Pilot	14.9	29.8	3.0
A	D	Kemper Growth Fund/Kemper	17.6	26.0	2.3
		Kemper International Fund/Kemper	—*	78.9	0.7
F	•A	Kemper Option Income Fund/Kemper	—*	9.7	2.6
A	C	Kemper Summit Fund/Kemper	21.3	30.3	1.7
C	D	Keystone Custodian K-2/Keystone	13.3	39.6	1.1
D	D	Keystone Custodian S-1/Keystone	9.6	34.2	1.9

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending

Table of distributors, showing addresses and phone numbers, begins on page 186.



Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Maximum sales charge	Annual expenses per $100
$26	10%	5.00%b	$2.37‡
266	71	5.00b	2.20‡
60	NM	†	1.70
329	14	5.00	0.74‡
403	21	5.00	0.51‡
871	20	5.00	0.54‡
184	717	5.00	1.21‡
269	400	5.00	1.07‡
598	41	5.00	0.61‡
11	307	5.00	2.00‡
198	17	5.00	0.73‡
1,520	12	5.00	0.51‡
149	378	5.00b	1.76‡
71	291	5.00b	1.86‡
6	—	8.50	1.99‡
114	NM	5.00b	1.05‡
694	-22	8.50	0.81
10	90	2.50	1.86‡
3,664	34	8.50	0.43
224	163	6.00b	2.15‡
332	216	6.00b	2.04‡
73	18	7.00	1.00‡
75	49	8.50	0.81
16	78	4.50	1.50
15	8	8.50	1.49
110	5	8.50	1.09
77	—	NA	1.50
166	81	none	1.27
542	32	none	1.01‡
11	248	none	2.00‡
31	767	none	2.00‡
521	93	NA	0.64
26	23	8.00	0.86
301	12	8.50	0.79
141	235	8.50	1.08
707	-10	8.50	0.86
343	43	8.50	0.54
297	43	4.00r	0.97‡
118	39	4.00r	1.11‡

or in force. ⁹Formerly Hutton Investment-Emerging Growth. ¹⁰Formerly GSC Performance Fund. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available. NM: Not meaningful.

IS YOUR FUND STRONG?

+64.4%

From inception on 12/30/85 through 7/24/86*

If your mutual fund hasn't performed as well as the Strong Opportunity Fund — you've got a lot of company. This aggressive-growth fund has **outperformed nearly every fund in America since its inception.**** If you're willing to entertain above-average investment volatility to pursue above-average growth, this could be the opportunity you've been looking for.

CALL 1 800 368-3863

OR WRITE TODAY

☐ YES, send me a FREE prospectus with complete information on charges, expenses, and the 2% sales charge (no redemption fee). Low $1,000 minimum initial investment. Read prospectus carefully before investing. Past performance is no guarantee of future success.

I am also interested in:
☐ IRAs ☐ Pension or Profit Sharing Plans (including Keogh)

STRONG OPPORTUNITY FUND
815 East Mason Street, Milwaukee, WI 53202

STRONG FUNDS
A strong foundation for your future.

FB609

*Includes changes in share price, effects of sales charge, and standard reinvestment of all dividends and capital gains distribution.

**The Strong Opportunity Fund was ranked #3 out of 946 mutual funds evaluated by Lipper Analytical Services for the period from 1/1/86 through 7/24/86.

Value Line gives you all this plus four bond funds and two cash funds and there's never a sales charge.

◇ 12/31/75 — 6/30/86 ◇

	6/30/86
Value Line Leveraged Growth Investors	1,044.8%
Value Line Special Situations	637.2%
Value Line Fund	634.3%
Value Line Income Fund	503.8%
S&P 500 Average	303.2%

The manager of this Fund Family and its affiliates have more than **$100 million** of their own money invested in it. Doesn't it make sense to invest with people who place their money where they are asking you to put yours? Return the coupon today or call 1-800-223-0818 during business hours in New York.

***NOTE:** These percentage gains reflect the reinvestment of all distributions. The 10½ year period was selected to compare the recovery of a widely followed but unmanaged index with that of the professionally managed Value Line Funds. Past performance is not indicative of future results. See prospectus for further details.*

Please send a prospectus and report on the fund(s) I have selected on the following list. I also want ☐ IRA ☐ Keogh information ☐ 403(b)(7) information.

☐ **Value Line Leveraged Growth Investors**
☐ **Value Line Special Situations Fund**
☐ **Value Line Fund**
☐ **Value Line Convertible Fund**
☐ **Value Line Aggressive Income Trust**
☐ **Value Line Income Fund**
☐ **Value Line Cash Fund**
☐ **Value Line Tax Exempt Fund**
☐ **Value Line U.S. Government Securities Fund**

Dept. 816E08

Name _____
Address _____
City _____
State _____ Zip _____
Telephone _____

A prospectus containing more complete information including charges and expenses will be sent to you. Read it carefully before you invest. Send no money now.

Manager Value Line, Inc. — 711 Third Ave., N.Y., N.Y. 10017 — **Distributor** Value Line Securities, Inc.

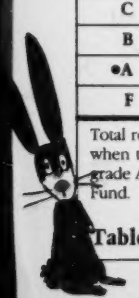
1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**14.7%**	**35.8%**	**3.2%**				
		Forbes stock fund composite	**16.7%**	**32.4%**	**2.2%**				
B	D	Keystone Custodian S-3/Keystone	14.0%	31.9%	1.9%	$274	28%	4.00%r	$1.04‡
A	D	Keystone Custodian S-4/Keystone	16.8	29.9	0.3	710	11	4.00r	0.85‡
D	C	Keystone International Fund/Keystone	12.7	55.2	1.8	67	136	4.00r	1.58‡
A	C	Keystone Precious Metals Holdings/Keystone	15.2	–15.9	3.4	55	–6	4.00r	1.44‡
		Kidder Peabody Equity Income/Kidder	—*	—*	—*	30	—	5.00b	NA‡
		Kidder Peabody Special Growth Fund/Kidder	—*	18.0	1.0	39	–1	5.00b	1.27‡
		Korea Fund/closed end	—*	106.6	3.7	141	144	NA	2.04
		Legg Mason Special Investment Trust/Legg Mason	—*	—*	—*	53	—	none	2.50‡
		Legg Mason Total Return Trust/Legg Mason	—*	—*	—*	50	—	none	2.20‡
		Legg Mason Value Trust/Legg Mason	—*	31.6	1.3	669	171	none	2.10‡
A	•B	Lehman Capital Fund/Lehman	—*	33.8	1.2	126	3	none	1.13
C	C	Lehman Corp/closed end	15.6	33.3	2.9	932	25	NA	0.47
C	C	Lehman Investors Fund/Lehman	16.4	34.2	2.5	449	18	none	0.62
•B	•B	Lehman Opportunity Fund/Lehman	—*	26.5	1.7	110	59	none	1.23
C	D	Lepercq-Istel Trust[11]/Lepercq	11.5	17.6	5.0	28	–70	none	1.12‡
		Leverage Fund of Boston/Eaton Vance	—*	26.3	none	30	–3	none	1.22
		Lexington Goldfund/Lexington	—*	3.1	0.5	15	47	none	1.50‡
B	C	Lexington Growth Fund/Lexington	15.9	38.4	1.6	35	24	none	1.43‡
C	C	Lexington Research Fund/Lexington	14.6	33.8	3.4	133	20	none	1.00‡
		Lindner Dividend Fund/Lindner	—*	17.8	8.7	63	–9	†	0.95
D	A+	Lindner Fund/Lindner	23.6	17.3	0.5	391	–2	†	0.65
		LMH Fund/Heine Mgmt	—*	21.8	2.6	84	9	none	1.25
A	B	Loomis-Sayles Capital Development Fund/NEL	25.3	50.8	0.6	232	38	†	0.79
B	•D	Lord Abbett Developing Growth/Lord Abbett	—*	22.2	none	318	3	8.50	0.87
		Lord Abbett Value Appreciation/Lord Abbett	—*	43.9	1.7	337	13	8.50	0.86
		Lowry Market Timing/Criterion	—*	6.3	0.9	93	–4	8.50	1.38
C	C	Mairs & Power Growth Fund/Mairs & Power	15.6	37.2	1.6	26	31	none	1.04
•D	•B	Mairs & Power Income Fund/Mairs & Power	—*	28.7	4.5	5	48	none	1.27
B	C	Manhattan Fund/Neuberger	17.8	37.3	0.8	288	186	none	1.40‡
C	D	Horace Mann Growth Fund/Mann	14.0	26.7	2.5	84	16	†	0.68
A	B	Mass Capital Development Fund/Mass Finl	24.1	27.1	1.6	1,035	32	7.25	0.71
B	D	Mass Financial Development Fund/Mass Finl	18.3	36.5	1.8	288	25	7.25	0.82
		Mass Financial Emerging Growth/Mass Finl	—*	42.4	none	301	55	7.25	1.36
		Mass Financial Special Fund/Mass Finl	—*	35.4	1.1	129	36	7.25	1.48
B	D	Mass Investors Growth Stock Fund/Mass Finl	14.6	33.4	1.8	1,035	15	7.25	0.50
C	D	Massachusetts Investors Trust/Mass Finl	13.3	36.0	3.0	1,326	20	7.25	0.55
B	B	Mathers Fund/Mathers	18.5	25.4	4.2	163	–14	none	0.74
•A	•C	Medical Technology Fund/AMA	—*	53.6	0.1	98	46	none	1.41‡
F	A	Meeschaert Capital Accumulation/Meeschaert	12.9	32.1	2.5	33	47	4.00b, r	1.45‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. [11]Formerly Istel Fund. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.



THE KNICKERBOCKER
CHICAGO

A proud history repeats itself.

During the 1920s, The Knickerbocker Hotel proudly began a history of taste and elegance on Chicago's Gold Coast.

Today, its lobby, rooms, restaurants, and services continue in this tradition of grace and charm. Come visit The Knickerbocker...as we carry on our proud history.

At the Top of the Magnificent Mile,
Walton Place at North Michigan Avenue,
(800) 621-8140, (312) 751-8100

MEMBER PREFERRED HOTELS & RESORTS WORLDWIDE

$10,000 Grew to

$645,555*

OVER-THE-COUNTER SECURITIES FUND INC.

Over $260 Million in Assets
Over 24,000 Shareholders

For the last three years our Fund has made the coveted Forbes Honor Roll. We are one of only 23 out of 500 rated funds to make last year's Honor Roll.

Over-the-Counter Securities Fund boasts diversification. The portfolio currently contains stocks of more than 350 small growth companies, many of which either occupy a special market niche in their industry, or produce and/or distribute specialty products.

*An investment of $10,000 with dividends and capital gains reinvested in the period from June 1, 1956 (inception) to December 31, 1985 grew to $645,555. Past results are no guarantee of future performance. Please read the Prospectus carefully before you invest or mail money.

For more information, return this ad with name and address to:
Review Management Corporation
Over-the-Counter Securities Fund, Inc.
Suite 325, 510 Pennsylvania Avenue
P.O. Box 1537,
Fort Washington, Pa. 19034-1537
Or dial **toll-FREE 1-800-523-2578.**
In PA call collect 1-(215) 643-2510.

F-9/8

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%
		FORBES stock fund composite	16.7%	32.4%	2.2%
		Meridian Fund/Meridian	—*	45.2%	0.6%
C	•B	Merrill Lynch Basic Value Fund/ML Funds	—*	28.4	3.3
D	B	Merrill Lynch Capital Fund/ML Funds	16.6%	30.7	2.3
		Merrill Lynch Fund for Tomorrow/ML Funds	—*	32.8	0.7
		Merrill Lynch International Holdings/ML Funds	—*	49.6	2.3
		Merrill Lynch Natural Resources Trust/ML Funds	—*	—*	—*
D	•A	Merrill Lynch Pacific Fund/ML Funds	—*	73.9	0.4
		Merrill Lynch Retirement Benefit Inv/ML Funds	—*	—*	—*
•B	•D	Merrill Lynch Special Value/ML Funds	—*	32.9	0.5
		Mexico Fund/closed end	—*	20.5	7.6
		MFS Managed Sectors Trust/Mass Finl	—*	—*	—*
D	B	MidAmerica High Growth Fund/MidAmerica	13.5	22.0	1.5
D	B	MidAmerica Mutual Fund/MidAmerica	14.2	22.2	3.2
		Midwest Group-LG Fund for Growth/Leshner	—*	40.0	0.1
		Mimlic Investors Fund I/Mimlic	—*	12.0	2.2
		ML Convertible Securities-Capital[12]/MLPF&S	—*	—*	—*
		ML Convertible Securities-Income[12]/MLPF&S	—*	—*	—*
		Monitrend Mutual Fund/Pallas	—*	20.5	0.6
		Mutual Beacon Fund/Heine Secs	—*	30.4	1.3
D	C	Mutual Benefit Fund/Mutual Benefit	13.1	39.4	2.2
D	D	Mutual of Omaha Growth Fund/Mutual of Omaha	11.4	34.5	1.3
•D	•A	Mutual Qualified Income Fund/Heine Secs	—*	29.7	4.8
C	A+	Mutual Shares Corp/Heine Secs	22.4	29.7	3.1
C	C	National Aviation & Technology/AFA	14.9	17.7	2.1
C	F	National Growth Fund/National Secs	10.1	39.6	1.3
D	D	National Industries Fund/National Inds	10.6	27.7	1.7
		National Real Estate Stock Fund/National Secs	—*	33.2	2.4
D	B	National Stock Fund/National Secs	14.8	33.4	3.9
		National Telecommunications & Tech/AFA	—*	22.6	1.5
D	B	Nationwide Fund/Nationwide	12.3	39.6	2.9
C	B	Nationwide Growth Fund/Nationwide	17.5	36.1	2.6
		Nautilus Fund/Eaton Vance	—*	2.4	none
D	A	NEL Equity Fund/NEL	16.1	36.6	3.4
A	B	NEL Growth Fund/NEL	23.8	38.4	0.7
C	B	NEL Retirement Equity Fund/NEL	17.8	44.9	1.5
A	F	Neuwirth Fund/Alliance	15.6	42.6	0.2
		New Beginning Growth Fund/Sit	—*	42.6	0.2
		New Economy Fund/American Funds	—*	36.8	0.9
C	B	New Perspective Fund/American Funds	17.6	39.7	2.0

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in

Table of distributors, showing addresses and phone numbers, begins on page 186.

Total assets 6/30/86 (millions)	% change '86 vs '85	Maximum sales charge	Annual expenses per $100
$18	276%	none	$1.90
824	96	6.50%	0.61
573	56	6.50	0.64
632	161	4.00b	0.98‡
282	41	8.50	1.45
190	—	4.00b	0.95‡
333	165	6.50	1.02
1,861	—	4.00b	1.89‡
115	28	6.50	1.19
74	11	NA	1.99
50	—	4.75	NA‡
13	–1	8.50	0.97
35	7	8.50	0.87
13	171	8.50	2.12‡
6	21	5.00	1.00
298	—	NA	0.72
		NA	
23	632	3.50	2.63‡
63	596	†	1.40
16	33	8.50	1.30
32	55	8.00	1.25
545	77	none	0.70
1,347	74	none	0.67
89	3	8.50	1.14
78	17	7.25	0.91
32	14	none	1.70
12	142	7.75	1.50‡
282	21	7.25	0.85
72	–13	8.50	1.30
370	41	7.50	0.63
167	93	7.50	0.65
21	11	8.50	1.78
31	44	8.00	1.15
313	45	8.00	0.83
102	38	8.00	0.84
32	44	none	1.51
41	108	none	1.50
766	78	8.50	0.72
866	31	8.50	0.73

force. [12]Shareholders of ML Convertible-Capital shares receive all capital gains. Income shareholders receive all income dividends. Assets are combined. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available.

No thrills. No glamour. But what a record!

Looking for thrills? Try the commodities market. Glamour? Invest in a Broadway play.

But if you're looking for a way to achieve solid growth for your money in the stock market, consider the Bull & Bear Capital Growth Fund.

This diversified fund's share price and return have varied with market conditions in the past, as they will in the future. But note that from 1/1/75 to 3/31/86, the Fund is up a whopping 681.3%...that's 20.0%* a year!

There are no commissions or redemption fees, ever. Minimum investment $1,000, or only $100 for an IRA. So why not call now?

20.0% a year since 1975*

Capital Growth Fund 1-800-847-4200 ext. 297

Please rush me more complete information about the Bull & Bear Capital Growth Fund, including a Prospectus with performance, charges and expenses. I'll read it carefully before I invest.

Name_____

Address_____

City_____

State_____ Zip_____

☐ Please send IRA information.

*Compound annual return between 1/1/75 and 3/31/86. Assumes reinvestment of all capital gains distributions and dividends.

297

BULL & BEAR GROUP 11 Hanover Square, New York, NY 10005

The Japan Fund, Inc.

Investment Advisor and Manager: Asia Management Corporation (affiliate of Scudder, Stevens & Clark Ltd.)

Investment Research Advisor: The Nikko Research Center, Ltd.

The Japan Fund is a diversified closed-end investment company whose policy is to invest at least 80% of its total assets in Japanese securities, primarily common stocks, with the principal objective of capital appreciation. Shares of the Fund are listed on the New York and Pacific Stock Exchanges.

The Fund's total net assets were over $546 million as of August 7, 1986.

For a copy of the most recent report, please write:

The Japan Fund, Inc.
c/o Scudder, Stevens & Clark, Dept. C.B.
345 Park Avenue
New York, New York 10154-0004

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		FORBES stock fund composite	16.7%	32.4%	2.2%				
A	C	New York Venture Fund/Venture	22.2%	37.4%	1.7%	$167	32%	8.50%	$1.04
B	D	Newton Growth Fund/Newton	15.9	20.1	2.8	35	–3	none	1.18‡
A	F	Niagara Share Corp/closed end	14.8	23.5	2.2	188	16	NA	1.12
B	A+	Nicholas Fund/Nicholas	25.1	22.2	2.5	1,084	135	none	0.86
		Nicholas II/Nicholas	—*	28.5	1.0	339	333	††	0.86
		Noddings Calamos Convertible-Growth/Noddings	—*	—*	—*	7	—	none	2.00‡
		Noddings Calamos Convertible-Income/Noddings	—*	—*	—*	13	—	none	2.00‡
		Nomura Pacific Basin Fund/Nomura	—*	—*	—*	45	—	none	1.50
		North Star Apollo/North Star	—*	18.6	1.9	24	22	none	1.00
•B	•C	North Star Regional Fund/North Star	—*	49.5	1.9	89	39	none	0.80
D	B	North Star Stock Fund/North Star	15.9	29.2	2.6	72	22	none	0.70
•C	•C	Northeast Investors Growth/Northeast Inv	—*	52.5	0.7	16	206	none	2.00
•D	•C	Nova Fund/Nova	—*	20.0	0.2	27	–5	none	1.50
D	B	Old Dominion Investors' Trust/Investors Secs	13.7	28.6	5.4	6	26	8.50	1.17
B	D	Omega Fund/Omega	14.0	29.8	1.8	37	25	none	1.65‡
B	D	One Hundred Fund/Berger	14.8	45.5	none	13	25	none	2.00‡
A+	D	Oppenheimer AIM Fund/Oppenheimer Inv	19.8	88.5	0.6	379	77	8.50	1.21
		Oppenheimer Challenger Fund/Oppenheimer Inv	—*	51.1	0.5	16	–5	2.50	1.29
•B	•D	Oppenheimer Directors Fund/Oppenheimer Inv	—*	24.0	3.8	285	–16	8.50	0.94
C	B	Oppenheimer Equity Income/Oppenheimer Inv	17.2	28.5	5.0	381	183	8.50	1.03
B	F	Oppenheimer Fund/Oppenheimer Inv	12.1	31.2	1.4	485	7	8.50	1.00
		Oppenheimer Gold & Special Mins/Opp Inv	—*	–6.2	0.4	29	–11	8.50	1.50
F	•A	Oppenheimer Premium Income Fund/Opp Inv	—*	9.8	2.7	418	60	8.50	0.89
		Oppenheimer Regency Fund/Oppenheimer Inv	—*	26.7	1.2	171	16	††	1.13
		Oppenheimer Retirement-Blue Chip/Opp Inv	—*	31.0	2.1	10	110	8.50	1.50
B	B	Oppenheimer Special Fund/Oppenheimer Inv	19.3	22.9	2.6	773	–7	8.50	0.94
		Oppenheimer Target Fund/Oppenheimer Inv	—*	47.4	1.6	145	8	8.50	1.17
A	C	Oppenheimer Time Fund/Oppenheimer Inv	22.3	46.6	1.5	300	35	8.50	0.95
B	A	Over-the-Counter Securities Fund/Review	24.5	35.2	0.3	263	130	8.00	1.25
		P-C Capital Fund/Phoenix	—*	26.8	4.2	6	3	†	1.30
		Pacific Horizon-Aggressive Growth/Dreyfus	—*	57.4	0.3	102	719	none	1.50‡
		PaineWebber America Fund/PaineWebber	—*	27.5	5.3	95	80	8.50	1.27
		PaineWebber Atlas Fund/PaineWebber	—*	73.9	0.6	218	167	8.50	1.38
		PaineWebber Olympus Fund/PaineWebber	—*	39.0	1.0	126	272	8.50	1.36
B	A	Partners Fund/Neuberger	21.8	33.1	3.2	431	94	none	0.93‡
•D	•C	Pax World Fund/Pax World	—*	27.9	3.7	49	99	none	1.40‡
		PBHG Growth Fund/Tenneco	—*	—*	—*	17	—	7.50	1.50
D	C	Penn Square Mutual Fund/Penn Square	14.2	29.6	3.6	213	16	none	0.74
B	A	Pennsylvania Mutual Fund/Penn Mutual	23.3	29.3	1.6	400	37	†	1.03

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only, maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ††Fund selling new shares only for IRA and Keogh plans. ‡Fund has 12b-1 plan (hidden load) pending or in force. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**14.7%**	**35.8%**	**3.2%**				
		Forbes stock fund composite	**16.7%**	**32.4%**	**2.2%**				
		Permanent Portfolio Fund/Permanent	—*	17.4%	none	$71	0%	none	$0.90‡
B	D	Petroleum & Resources Corp/closed end	13.4%	8.1	5.6%	231	0	NA	0.62
C	C	Philadelphia Fund/Universal	15.1	25.0	2.1	119	10	8.50%	0.90
D	A	Phoenix Convertible Fund/Phoenix	16.4	26.0	5.1	97	39	8.50	0.80
		Phoenix Growth Fund/Phoenix	—*	35.3	3.1	220	110	8.50	0.69
		Phoenix Stock Fund/Phoenix	—*	33.6	2.7	94	45	8.50	0.85
D	B	Pilgrim Magna Cap Fund/Pilgrim	17.0	39.7	2.7	188	185	7.25	1.30‡
		Pilgrim Regional Bankshares/closed end	—*	—*	—*	107	—	NA	NA
C	D	Pilot Fund/Criterion	14.2	17.5	none	74	6	8.50	1.20‡
C	C	Pine Street Fund/Alliance	14.5	29.5	3.8	66	26	none	1.17‡
C	C	Pioneer Fund/Pioneer	15.2	24.2	3.1	1,461	1	8.50	0.68
B	A	Pioneer II/Pioneer	21.3	26.2	2.7	2,892	58	8.50	0.71
		Pioneer Three/Pioneer	—*	30.3	2.0	573	62	8.50	0.75
		T Rowe Price Equity Income Fund/Price	—*	—*	—*	66	—	none	1.00
		T Rowe Price Growth & Income Fund/Price	—*	22.1	4.0	400	13	none	0.94
C	D	T Rowe Price Growth Stock Fund/Price	11.0	40.2	1.9	1,366	29	none	0.52
•C	•F	T Rowe Price International Fund/Price	—*	77.0	0.9	625	168	none	1.10
		T Rowe Price New America Growth Fund/Price	—*	—*	—*	98	—	none	1.00
A	D	T Rowe Price New Era Fund/Price	16.2	25.9	2.5	532	5	none	0.73
A	D	T Rowe Price New Horizons Fund/Price	18.9	26.7	0.5	1,517	1	none	0.72
		Principal Preservation-S&P 100 Plus/Ziegler	—*	—*	—*	8	—	6.50	1.10‡
		Prudential-Bache Equity Fund/Pru-Bache	—*	34.7	0.6	283	351	5.00b	1.27‡
		Prudential-Bache Global Fund/Pru-Bache	—*	71.4	0.1	301	NM	5.00b	1.71‡
		Prudential-Bache Growth Opportunity/Pru-Bache	—*	34.6	0.2	102	62	5.00b	1.29‡
		Prudential-Bache IncomeVertible/Pru-Bache	—*	—*	—*	264	—	5.00b	2.11‡
		Prudential-Bache Option Growth Fund/Pru-Bache	—*	24.6	1.8	74	50	5.00b	1.37‡
		Prudential-Bache Research Fund/Pru-Bache	—*	47.8	1.4	190	22	5.00b	1.85‡
		Prudential-Bache Utility Fund/Pru-Bache	—*	32.0	5.3	836	335	5.00b	1.13‡
		Putnam Capital Fund/Putnam	—*	40.9	0.6	14	24	†	1.18
D	A	Putnam Convertible Income-Growth/Putnam	17.5	28.3	5.5	643	349	8.50	1.01
•F	•D	Putnam Energy-Resources Trust/Putnam	—*	1.2	2.4	32	–5	8.50	1.48
C	B	Putnam Fund for Growth & Income/Putnam	17.2	34.5	4.3	1,134	30	8.50	0.55
		Putnam Health Sciences Trust/Putnam	—*	46.0	1.0	301	18	8.50	0.99
		Putnam Information Sciences Trust/Putnam	—*	25.8	0.5	146	–15	8.50	1.10
C	B	Putnam International Equities Fund/Putnam	19.9	77.5	0.5	322	460	8.50	1.49
B	D	Putnam Investors Fund/Putnam	15.9	34.4	1.6	1,160	1	8.50	0.51
F	•B	Putnam Option Income Trust/Putnam	—*	19.0	2.6	1,202	5	†	0.77
		Putnam Option Income Trust II/Putnam	—*	15.3	3.4	948	782	8.50	NA
B	B	Putnam Vista Basic Value/Putnam	19.5	32.0	2.8	211	20	8.50	1.03

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		Forbes stock fund composite	16.7%	32.4%	2.2%				
A	C	Putnam Voyager Fund/Putnam	20.9%	46.2%	0.6%	$424	50%	8.50%	$1.02
A+	C	Quasar Associates/Alliance	25.1	54.2	0.1	205	181	†	1.20
•B	•A	Quest for Value Fund/Oppenheimer Cap	—*	32.2	0.7	74	140	none	2.18
		Reich & Tang Equity Fund/Reich & Tang	—*	36.3	2.5	104	240	none	0.99‡
		Reserve Equity-Dreman Contrarian/Reserv	—*	34.0	2.9	22	288	none	1.00‡
		Rightime Fund/Rightime	—*	—*	—*	126	—	none	1.66‡
		Rochester Tax Managed Fund/Rochester	—*	16.2	none	33	26	8.50	1.69‡
		Royce Fund-Value/Quest	—*	26.1	0.4	161	84	1.00b	2.13‡
		RPF of America-Equity Fund/Venture	—*	31.7	0.5	13	145	5.00r	1.46‡
C	C	Safeco Equity Fund/Safeco	15.9	36.5	2.9	60	71	none	0.68
B	B	Safeco Growth Fund/Safeco	18.3	19.5	2.4	80	12	none	0.63
D	A	Safeco Income Fund/Safeco	15.4	31.4	4.5	93	223	none	0.73
		SBSF Fund/Reich & Tang	—*	27.7	2.2	93	112	none	1.40‡
		Scandinavia Fund/closed end	—*	—*	—*	59	—	NA	NA
		Sci/Tech Holdings/ML Funds	—*	41.3	0.9	307	–4	8.50	1.39
A	D	Scudder Capital Growth Fund/Scudder	18.6	34.8	1.2	498	58	none	0.87
B	B	Scudder Development Fund/Scudder	21.7	30.1	0.7	359	41	none	1.30
B	D	Scudder Growth & Income Fund/Scudder	14.8	33.8	4.1	394	41	none	0.84
C	B	Scudder International Fund/Scudder	17.1	69.0	1.3	640	134	none	0.99
		Second Fiduciary Exchange Fund/‡‡	—*	27.8	2.0	73	16	none	0.76
		Security Action Fund/Security	—*	33.1	2.4	76	134	8.50	0.90
A	D	Security Equity Fund/Security	16.9	33.3	3.7	267	7	8.50	0.70
D	C	Security Investment Fund/Security	13.8	20.6	5.7	108	2	8.50	0.79
		Security Omni Fund/Security	—*	—*	—*	27	—	8.50	NA
A	D	Security Ultra Fund/Security	20.7	28.4	4.6	119	7	8.50	0.82
D	B	Selected American Shares/Prescott, Ball	15.1	36.6	3.3	154	52	none	0.87‡
C	D	Selected Special Shares/Prescott, Ball	11.3	24.0	3.1	38	10	none	1.23‡
A	D	Seligman Capital Fund/Seligman	21.5	38.0	none	222	12	8.50	0.82
B	C	Seligman Common Stock Fund/Seligman	17.0	41.3	3.2	579	31	7.25	0.58
		Seligman Communications & Info/Seligman	—*	42.7	none	52	4	8.50	1.39
B	D	Seligman Growth Fund/Seligman	14.4	40.2	1.4	743	18	7.25	0.59
D	A	Sentinel Common Stock Fund/Equity Services	17.4	40.0	3.4	513	33	8.50	0.65
A	D	Sentinel Growth Fund/Equity Services	17.3	38.0	1.8	60	36	8.50	0.79
B	C	Sentry Fund/Sentry	16.8	42.0	2.3	46	37	8.00	0.71
D	A+	Sequoia Fund/Ruane Cunniff	23.8	23.7	3.3	710	24	†	1.00
		Shearson Aggressive Growth Fund/Shearson	—*	47.2	none	130	15	5.00	1.20
B	B	Shearson Appreciation Fund/Shearson	20.7	40.0	none	279	87	5.00	1.10
		Shearson Fundamental Value Fund/Shearson	—*	12.3	2.6	119	11	5.00	1.20
		Shearson Global Opportunities/Shearson	—*	64.2	0.2	295	305	5.00	1.30

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. ‡‡Exchange fund, not currently selling new shares. b: Includes redemption fee that reverts to distributor. r:Includes redemption fee that reverts to fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**14.7%**	**35.8%**	**3.2%**				
		Forbes stock fund composite	**16.7%**	**32.4%**	**2.2%**				
		Shearson Lehman-Equity Growth/Shearson	—*	—*	—*	$123	—	5.00%b	$2.00‡
		Shearson Lehman-Equity Plus/Shearson	—*	—*	—*	28	—	5.00b	2.50‡
		Shearson Lehman-International Equity/Shearson	—*	—*	—*	166	—	5.00b	1.50‡
		Shearson Lehman-Option Income/Shearson	—*	—*	—*	469	—	5.00b	1.84‡
C	C	Sherman, Dean Fund/Sherman, Dean	4.9%	–21.3%	0.7%	2	–44%	none	2.36‡
D	D	Sierra Growth Fund/Sierra	8.8	–80.7	none	5[13]	–19	none	1.98
B	B	Sigma Capital Shares/Sigma	20.9	37.9	1.4	102	88	8.50	1.01‡
D	B	Sigma Investment Shares/Sigma	15.4	39.2	2.8	84	31	8.50	1.02‡
B	C	Sigma Special Fund/Sigma	16.7	37.1	1.3	21	27	8.50	1.32‡
A	B	Sigma Venture Shares/Sigma	23.7	32.7	1.0	93	36	8.50	0.95‡
		Sigma World Fund/Sigma	—*	58.8	none	7	NM	8.50	2.00‡
B	C	Smith Barney Equity Fund/Smith Barney	16.7	36.0	2.5	80	28	none	0.88‡
D	A	Smith Barney-Income & Growth/Smith Barney	17.6	25.2	5.7	263	449	5.75	0.74
C	A	Sogen International Fund/Sogen	19.1	39.4	3.5	60	29	4.25	1.39‡
		Sound Shore Fund/Reich & Tang	—*	38.1	1.0	20	827	none	1.48‡
C	A+	Source Capital/closed end	22.9	24.1	4.1	300	10	NA	0.97
D	A	Sovereign Investors/Sovereign	16.5	40.8	3.8	32	58	5.00	1.00
A+	D	Spectra Fund/closed end	22.4	48.0	none	7	35	NA	2.70
C	D	State Bond Common Stock Fund/State Bond	10.9	40.0	1.5	35	15	8.50	1.09
D	C	State Bond Diversified Fund/State Bond	12.7	34.6	3.3	16	32	8.50	0.91
B	D	State Bond Progress Fund/State Bond	14.9	44.0	1.2	9	23	8.50	1.11
		State Street Exchange Fund/‡‡	—*	35.1	1.7	160	23	none	0.63
		State Street Growth Fund/‡‡	—*	32.2	2.4	280	18	1.00r	0.57
C	C	State Street Investment Corp/State Street	15.0	28.2	2.6	590	19	1.00† b	0.50
D	F	Steadman American Industry Fund/Steadman	4.1	13.6	none	8	–10	none	5.03‡
F	B	Steadman Associated Fund/Steadman	9.2	41.4	none	26	17	none	2.85‡
F	D	Steadman Investment Fund/Steadman	5.2	2.9	0.9	9	–13	none	5.15‡
D	F	Steadman Oceanographic Technology/Steadman	5.0	16.2	none	6	2	none	5.30‡
A+	D	Stein Roe & Farnham Capital Opp/Stein Roe	19.7	41.9	0.6	219	15	none	0.95
A	F	Stein Roe & Farnham Stock Fund/Stein Roe	14.3	32.5	1.3	256	13	none	0.67
		SteinRoe Discovery Fund/Stein Roe	—*	35.3	0.3	133	37	none	1.25
•A	•C	SteinRoe Special Fund/Stein Roe	—	31.7	1.6	349	33	none	0.92
•A	•D	SteinRoe Universe Fund/Stein Roe	—*	36.9	1.1	115	–2	none	1.18
		Strategic Capital Gains/Strategic	—*	15.9	none	8	–1	8.50	1.39
A	•F	Strategic Investments Fund/Strategic	—*	–38.0	9.0	62	–53	8.50	1.20
		Strategic Silver Fund/Strategic	—*	–23.0	0.1	16	95	8.50	1.12
C	C	Stratton Growth Fund/Stratton	16.1	29.3	2.1	19	30	none	1.49
D	A+	Stratton Monthly Dividend Shares/Stratton	15.4	27.7	7.3	34	109	none	1.49
		Strong Opportunity Fund/Strong	—*	—*	—*	17	—	2.00	NA

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. ‡‡Exchange fund, not currently selling new shares. [13]Assets as of 3/31/86. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		Forbes stock fund composite	16.7%	32.4%	2.2%				
		Summit Investor's Fund/AIM Distributor	—*	33.0%	0.7%	$62	147%	**	$1.48
		Sunbelt Growth Fund/Criterion	—*	21.1	0.7	93	–35	8.50%	1.22‡
B	D	Surveyor Fund/Alliance	15.5%	45.2	0.6	107	28	8.50	1.24
B	D	Technology Fund/Kemper	15.9	29.6	1.8	632	–6	8.50	0.60
		Templeton Foreign Fund/Securities Fund	—*	39.4	2.2	179	108	8.50	0.90
		Templeton Global I/Securities Fund	—*	32.5	1.9	322	21	†	0.83
		Templeton Global II/Securities Fund	—*	29.2	1.7	522	92	8.50	1.00
C	A	Templeton Growth Fund/Securities Fund	19.6	29.4	1.7	1,782	60	8.50	0.73
C	•B	Templeton World Fund/Securities Fund	—*	30.7	2.6	3,204	45	8.50	0.71
		Thomson McKinnon Growth Fund/Thomson	—*	37.3	2.9	190	175	5.00b	1.70‡
		Thomson McKinnon Opportunity Fund/Thomson	—*	33.7	none	66	92	5.00b	1.80‡
C	C	Transatlantic Fund/Transatlantic	15.1	91.7	none	85	196	none	1.94‡
B	D	Tri-Continental Corp/closed end	15.6	45.3	2.9	1,460	36	NA	0.55
A	B	Tudor Fund/Weiss, Peck	23.1	37.6	0.4	191	47	none	0.95
		20th Century Giftrust Investors/20th Century	—*	61.3	none	7	119	0.50r	1.01
A+	C	20th Century Growth Investors/20th Century	28.2	48.5	0.9	1,051	33	none	1.01
A+	B	20th Century Select Investors/20th Century	29.6	44.0	1.4	1,987	85	none	1.01
		20th Century Ultra Investors/20th Century	—*	33.7	0.1	410	–11	0.50r	1.01
		20th Century Vista Investors/20th Century	—*	58.3	none	169	42	0.50r	1.01
		UMB Stock Fund/Jones & Babson	—*	24.1	5.5	32	70	none	0.88
		Unified Growth Fund/Unified	—*	30.4	1.4	27	57	none	1.00
D	C	Unified Mutual Shares Fund/Unified	13.9	28.7	3.1	20	59	none	1.11
C	C	United Accumulative Fund/Waddell & Reed	17.0	32.2	3.6	735	27	8.50	0.63‡
C	B	United Income Fund/Waddell & Reed	15.7	41.7	2.8	844	40	8.50	0.66‡
C	B	United International Growth/Waddell & Reed	17.2	52.6	1.8	189	75	8.50	1.11‡
		United New Concepts Fund/Waddell & Reed	—*	49.0	1.0	60	96	8.50	1.47
B	D	United Science & Energy Fund/Waddell & Reed	14.2	35.0	2.8	196	19	8.50	0.88‡
A	C	United Services-Gold Shares/United Services	18.4	–33.9	7.8	215	–45	none	1.26
		United Services-Good & Bad/United Services	—*	27.7	0.9	33	–10	none	1.31
		United Services-Growth/United Services	—*	30.9	0.6	12	–6	none	1.51
		United Services-New Prospector/United Services	—*	—*	—*	27	—	2.00b, r	0.08
		United Services-Prospector/United Services	—*	–1.9	none	61	–20	2.00† b, r	1.53
		US Boston Investment-Boston I/US Boston	—*	33.0	0.9	19	589	1.00b	NA‡
B	B	US Trend Fund[14]/Tenneco	19.9	23.5	1.5	89	18	7.50	0.99
B	B	United Vanguard Fund/Waddell & Reed	22.1	31.7	2.7	525	28	8.50	1.05‡
		USAA Investment Trust-Cornerstone/USAA	—*	21.8	2.4	22	72	none	1.50
		USAA Investment Trust-Gold Fund/USAA	—*	–21.0	2.0	18	22	none	1.50
•B	•D	USAA Mutual-Growth Fund/USAA	—*	28.8	1.5	202	29	none	1.07
		USAA Mutual-Sunbelt Era Fund/USAA	—*	30.2	0.5	157	19	none	1.13

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. **Available only through monthly contractual plan. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. [14]Formerly Plitrend Fund. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Stock funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		FORBES stock fund composite	16.7%	32.4%	2.2%				
F	A+	Valley Forge Fund/Valley Forge	17.0%	7.0%	4.4%	$10	–5%	1.00%r	$1.40
		Value Line Convertible Fund/Value Line	—*	30.8	2.7	58	NM	none	1.31
B	B	Value Line Fund/Value Line	18.9	40.8	1.1	272	35	none	0.81
D	A	Value Line Income Fund/Value Line	17.7	29.2	6.2	159	21	none	0.83
B	A	Value Line Leveraged Growth/Value Line	24.3	39.0	1.2	306	32	none	0.80
A	B	Value Line Special Situations/Value Line	18.7	33.6	0.2	266	4	none	1.07
		Vance, Sanders Exchange Fund/‡‡	14.1	28.5	2.1	163	14	none	0.68
C	A	Vance, Sanders Special Fund/Eaton Vance	18.0	14.7	0.4	108	–7	8.50	0.96
A	B	Vanguard Explorer Fund/Vanguard	20.4	17.3	0.9	360	3	†	0.69
		Vanguard Explorer Fund II/Vanguard	—*	16.8	0.3	42	NM	none	1.06
		Vanguard Gemini II Capital[15]/Vanguard	—*	43.8	none	263	22	NA	0.68
		Vanguard Gemini II Income[15]/Vanguard	—*	13.5	13.9			NA	
C	D	Vanguard Index Trust/Vanguard	13.6	35.1	3.3	492	26	none	0.28
B	C	Vanguard WL Morgan Growth Fund/Vanguard	16.8	32.2	1.6	769	33	none	0.60
B	C	Vanguard Naess & Thomas Special/Vanguard	15.3	29.0	none	42	10	none	0.80
		Vanguard PrimeCap Fund/Vanguard	—*	38.5	0.6	102	375	none	0.98
D	A+	Vanguard Qualified Dividend Port I/Vanguard	21.8	27.1	6.9	180	14	†	0.48
		Vanguard Spec-Energy/Vanguard	—*	2.4	4.5	9	431	1.00r	0.92
		Vanguard Spec-Gold & Prec Metals/Vanguard	—*	–9.2	3.2	26	40	1.00r	0.73
		Vanguard Spec-Health Care/Vanguard	—*	43.1	0.7	51	393	1.00r	0.83
		Vanguard Spec-Service Economy/Vanguard	—*	38.0	0.8	82	310	1.00r	0.57
		Vanguard Spec-Technology/Vanguard	—*	21.8	0.6	17	174	1.00r	0.72
		Vanguard Trustees' Commingled-Intl/Vanguard	—*	59.5	2.6	650	46	none	0.56
•C	•C	Vanguard Trustees' Commingled-US/Vanguard	—*	22.0	3.8	198	–30	none	0.48
C	A	Vanguard Windsor Fund/Vanguard	20.4	29.8	4.7	4,836	29	†	0.51
		Vanguard Windsor II/Vanguard	—*	33.1	2.4	665	NM	none	0.76
		Vanguard World-International Growth/Vanguard	—*	—*	—*	352	—	none	0.90
		Vanguard World-US Growth/Vanguard	—*	—*	—*	185	—	none	0.83
D	B	Variable Stock Fund/Variable	13.3	25.7	2.4	9	16	none	1.22
		Viking Equity Index Fund-General/Fairfield	—*	29.5	1.7	5	206	none	0.95
C	D	Wall Street Fund/Wall Street	11.5	32.6	0.6	11	59	5.50	1.95
		Warburg International Fund/Reich & Tang	—*	—*	—*	10	—	none	1.38‡
D	A	Washington Mutual Investors/American Funds	17.7	36.4	3.9	1,477	97	8.50	0.52
A+	C	Weingarten Equity Fund/AIM	27.2	46.5	0.7	225	38	none	1.00
		Westergaard Fund/Ladenburg	—*	18.8	1.6	21	–11	8.50	2.25‡
		World of Technology/Financial Prog	—*	40.3	none	10	33	none	1.50
A	D	WPG Fund/Weiss, Peck	18.1	34.4	3.2	50	29	none	1.21
		WPG Growth Fund/Weiss, Peck	—*	—*	—*	25	—	none	NA
		Z-Seven Fund/closed end	—*	56.7	none	25	52	NA	4.51

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. ‡‡Exchange fund, not currently selling new shares. [15]Shareholders of Vanguard Gemini II Capital shares receive all capital gains. Income shareholders receive all income dividends. Assets are combined. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

Nicholas.

Nothing Slick, Nothing Trendy. Just Hard Work and Consistent Results.

The Nicholas Family of Funds
700 N. Water Street
Milwaukee, WI 53202
(414) 272-6133

For more complete information, including management fees and expenses, please write or call for a prospectus. Please read it carefully before you invest or send money.

Name _____

Address _____

City _____ State _____ ZIP _____

Balanced funds

Balanced funds mix stocks and bonds or buy a lot of convertible bonds, which are themselves a stock-bond hybrid. FORBES classifies a fund as balanced if stocks consistently make up between 20% and 80% of the fund's assets (exclusive of cash). These funds tend to outperform pure stock funds in bear markets and underperform them in bull markets. They are graded against one another separately from the stock funds but according to a similar system: Separate grades are awarded for a fund's average performance in up markets and for performance in down markets. The definition of up and down periods is the same as that used for stock funds and is shown in the chart on page 112. To obtain information about a fund, call or write the distributor listed next to the fund's name. Distributor addresses and phone numbers are listed in the tables that begin on page 186.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%
		FORBES balanced fund composite	14.4%	26.8%	6.1%
		Advantage Income Fund/Advest	—*	—*	—*
C	B	American Balanced Fund/American Funds	13.8%	28.5%	5.4%
A	B	American Capital Convertible Secs/closed end	20.0	29.6	5.7
A	D	American Capital Harbor Fund/American Cap	17.3	27.7	5.5
B	D	Axe-Houghton Fund B/Axe-Houghton	14.4	40.1	5.0
A	D	Bancroft Convertible Fund/closed end	14.6	25.1	5.5
C	C	Bullock Balanced Shares/Bullock	13.9	36.8	4.5
		Calvert Social Invest-Managed Growth/Calvert	—*	32.8	3.1
C	A	Castle Convertible Fund/closed end	15.9	5.0	8.8
		Clipper Fund/Pacific	—*	28.2	20.0
		Colonial Advanced Strategies Gold Trust/Colonial	—*	6.3	0.3
B	F	Colonial Fund/Colonial	13.7	33.8	4.7
C	D	Commerce Income Shares/Criterion	12.8	19.1	3.2
C	D	Composite Bond & Stock Fund/Murphey Favre	12.4	20.2	6.5
		Connecticut Mutual-Income/Conn Mutual	—*	—*	—*
•D	•D	Convertible Yield Secs/ALM Distributor	—*	23.9	5.3
•F	•A	Country Capital Income Fund/Country Capital	—*	20.1	7.4
B	D	Dodge & Cox Balanced Fund/Dodge & Cox	13.7	32.5	4.9
C	C	Dreyfus Convertible Securities Fund‡/Dreyfus	13.7	37.3	6.2
F	B	Eaton Vance Income Fund of Boston/Eaton Vance	12.2	20.3	10.1
B	C	Eaton Vance Investors Fund/Eaton Vance	14.5	21.9	6.1
D	B	Federated Stock & Bond Fund/Federated	13.6	20.5	5.7
		First Australia Fund/closed end	—*	—*	—*
C	A	Franklin Custodian-Income/Franklin	16.5	9.8	10.0
•B	•B	GPM Fund/Trusteed	—*	30.6	3.0

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. [1]Formerly Dreyfus Special Income Fund. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

Total assets 6/30/86 (millions)	% change '86 vs '85	Maximum sales charge	Annual expenses per $100
$26	—	4.00%b	$2.76‡
166	24%	8.50	0.70
92	18	NA	0.79
262	34	8.50	0.63
191	24	none	0.74‡
61	17	NA	1.24
73	74	8.50	1.15
75	247	4.50	1.27‡
62	89	NA	1.36
64	326	2.00r	1.50
20	748	6.75	1.25‡
155	51	6.75	1.12
70	21	8.50	1.06‡
74	105	4.00	1.96‡
13	—	6.25	1.26
22	0	6.50	1.48
5	21	5.00	1.36
28	26	none	0.75
158	51	none	0.85
43	10	6.75	1.18
235	8	8.50	0.86
64	133	none	1.30
59	—	NA	2.90
186	82	4.00	0.72
6	24	none	1.50

Don't trade high yield for a toaster.

A lot of places will offer you all kinds of free gifts to keep your business. But if you prefer an investment that's more involved in making money than making breakfast, consider Twentieth Century U.S. Governments—a mutual fund that's perfect for people who want both high current income* and the kind of safety that comes from investing only in securities of the U.S. government and its agencies. You can start your U.S. Governments account with any amount you choose—there's no minimum required. And you never pay a penalty to withdraw your money—it's there whenever you need it. So don't settle for a free toaster, when you might find something you can *really* use—some extra bread.

Want to know more? *For complete information about U.S. Governments and our six other funds, write or call for a free prospectus. Please read the prospectus carefully before investing.*

No-Load, No-Minimum Mutual Funds

Please send a free prospectus to:

Name _____

Address _____

City _____

State _____ Zip _____

FBS860908

TWENTIETH CENTURY INVESTORS

P.O. Box 200, Kansas City, Missouri 64141

1-800-345-2021, ext. 403

*For the 12 months ending July 31, 1986, U.S. Governments' total return of reinvested monthly dividends and price change was 12.44%, consisting of an average dividend yield of 9.14% plus price appreciation of 3.30%. This rate describes past performance, and is not a projection for the future. The fund's share price and yield fluctuate and are not guaranteed.

1986 Fund Ratings

Balanced funds

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.7%	35.8%	3.2%				
		FORBES balanced fund composite	14.4%	26.8%	6.1%				
		Idex Fund II/Idex	—*	—*	—*	$ 6	—	8.50%	NA
C	C	IDS Mutual/IDS	13.3%	27.9%	6.8%	1,305	16%	5.00	$0.57‡
D	B	Income Fund of America/American Funds	14.9	21.3	6.9	557	52	8.50	0.60
		Industrial Series-Option Income/Mackenzie	—*	—*	—*	35	—	8.50	1.78‡
A+	D	Kemper Total Return Fund/Kemper	18.3	32.5	4.4	579	84	8.50	0.73
D	C	Keystone Custodian K-1/Keystone	12.7	24.1	5.3	419	44	4.00r	0.86‡
B	D	Loomis-Sayles Mutual Fund/NEL	—*	46.3	3.7	173	67	none	0.86
C	B	Mass Financial Total Return Trust[2]/Mass Financial	14.9	32.7	5.3	310	38	7.25	0.73
D	•B	Merrill Lynch Equi-Bond I Fund/ML Funds	—*	22.3	4.4	17	8	4.00	1.50
		Merrill Lynch Phoenix Fund/ML Funds	—*	31.2	5.2	123	24	6.50	1.20
F	A	Mutual of Omaha Income Fund/Mutual of Omaha	10.5	21.1	8.6	100	62	8.00	0.80
B	A+	National Total Income Fund[3]/National Secs	17.3	38.8	6.2	78	31	7.25	0.90
A	C	National Total Return Fund/National Secs	17.6	31.1	4.9	260	56	7.25	0.88
		Phoenix Balanced Fund/Phoenix	—*	35.2	4.9	140	72	8.50	0.72
D	A	Provident Fund for Income/American Cap	14.0	21.6	6.0	109	8	7.25	0.72
B	C	George Putnam Fund of Boston/Putnam	14.1	31.8	5.9	369	21	8.50	0.62
		Rea-Graham Fund/Rea-Graham	—*	23.2	3.3	39	139	8.50	1.50
D	B	Seligman Income Fund/Seligman	13.9	24.5	8.2	132	40	4.75	0.77
D	B	Sentinel Balanced Fund/Equity Services	14.5	28.0	5.2	36	118	8.50	0.72
D	B	Sigma Trust Shares/Sigma	13.8	26.9	5.3	39	27	8.50	0.99‡
A	F	SteinRoe Total Return Fund/Stein Roe	11.5	26.9	5.0	149	33	none	0.77
		Strong Investment Fund/Strong	—*	30.7	5.4	315	55	1.00	1.10
		Strong Total Return Fund/Strong	—*	40.7	5.7	447	141	1.00	1.10
		Unified Income Fund/Unified	—*	14.3	8.0	13	47	none	1.22
A	C	United Continental Income Fund/Waddell & Reed	16.8	39.0	4.2	215	167	8.50	0.83‡
		United Gold & Government/Waddell & Reed	—*	—*	—*	6	—	8.50	1.50
		Vanguard Star Fund/Vanguard	—*	22.2	5.6	389	984	none	NA
D	A	Vanguard Wellesley Income Fund/Vanguard	14.0	24.2	8.3	338	117	none	0.60
B	D	Vanguard Wellington Fund/Vanguard	14.7	29.0	6.0	1,027	43	none	0.55
		World Trends Fund/Van Eck	—*	—*	—*	43	—	7.50	1.39‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Stock and balanced funds are rated only if in operation since 11/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. [2]Formerly Mass Income Development Fund. [3]Formerly National Income Fund. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

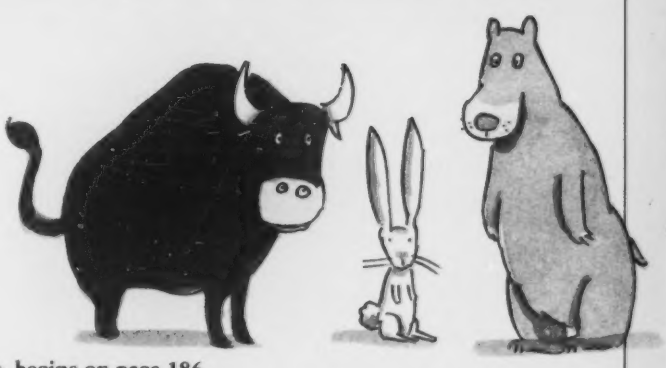
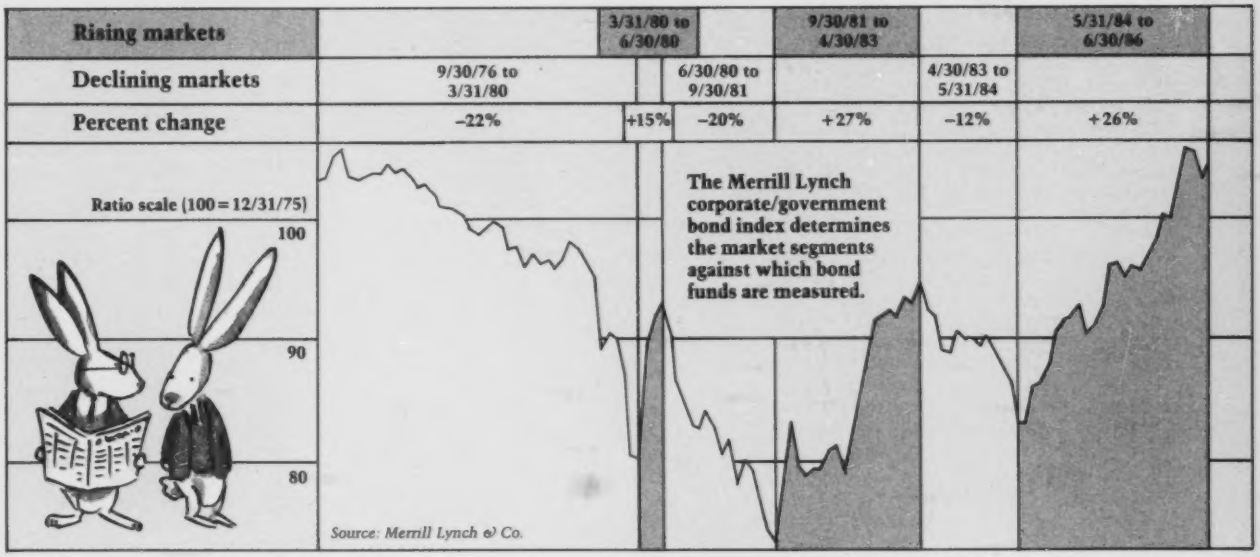


Table of distributors, showing addresses and phone numbers, begins on page 186.

Bond & preferred stock

The funds listed below buy government bonds, corporate bonds and, in some cases, preferred stocks. We rate the bond funds according to their performance in the three up and three down market periods shown in the chart below. As with stock funds, our rating of bond funds aims to reward consistency of performance as much as end results. For more on the rating system, see the mutual fund buyer's guide on page 104. Preferred stock funds are included in the listing below if they are open to individuals, but they are not rated. (Since preferreds offer tax advantages to corporate holders, they are, for the most part, inappropriate for individuals, even in IRA accounts.) To obtain information about a fund, call or write the distributor listed next to the fund's name, using the distributor addresses and phone numbers from the table beginning on page 186. Closed-end funds, however, are not distributed, since they do not issue additional shares to new buyers. Closed-ends are bought from brokers like shares of GM or IBM. There have been times in the past when closed-end bond funds were good buys because their shares were available at a discount to the value of the underlying net assets. Nowadays, however, closed-ends trade at close to or even more than net asset value, and therefore don't offer advantages over the open-end funds.



Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Merrill Lynch govt/corporate bond index	**10.6%**	**20.8%**	**9.9%**				
		Forbes bond and preferred stock composite	**10.4%**	**17.6%**	**10.2%**				
		Advantage Government Securities Fund/Advest	—*	—*	—*	$130	—	4.00%b	$1.99‡
		Alliance Bond Fund-High-Grade/Alliance	—*	14.8%	8.6%	6	–11%	5.50	1.01‡
		Alliance Bond Fund-High-Yield/Alliance	—*	21.5	13.7	240	569	5.50	1.08‡
		Alliance Bond Fund-US Government/Alliance	—*	—*	—*	129	—	5.50	0.38‡
		Alliance Mortgage Secs Income Fund/Alliance	—*	11.1	12.1	726	82	5.50	0.87‡
D	C	**AMA Income Fund[1]/AMA**	9.0%	17.8	8.2	20	0	none	1.39‡
A	C	**American Capital Bond Fund/closed end**	11.2	25.2	9.4	238	17	NA	0.67
B	D	**American Capital Corp Bond Fund/American Cap**	9.7	19.5	11.2	111	17	8.50	0.76

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Bond funds are rated only if in operation since 6/30/80. [1]Formerly PRO Income Fund. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

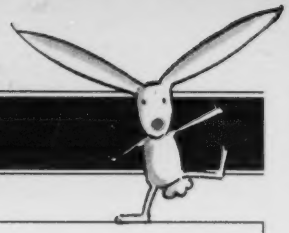
1986 Fund Ratings

Bond & preferred stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Merrill Lynch govt/corporate bond index	10.6%	20.8%	9.9%				
		Forbes bond and preferred stock composite	10.4%	17.6%	10.2%				
		American Capital Federal Mortgage/American Cap	—*	—*	—*	$ 24	—	6.75%	$0.09‡
		American Capital Govt Secs/American Cap	—*	13.9%	9.4%	7,161	223%	6.75	0.67‡
		American Capital High Yield Inv/American Cap	—*	21.4	12.0	543	16	6.75	0.70
		American Funds Inc-US Govt Guar/American Funds	—*	—*	—*	138	—	4.75	1.00‡
D	A+	American Investors Income/American Invest	10.8%	14.6	12.1	23	16	none	1.40‡
F	•A	American National Bond Fund/Securities Mgmt	—*	14.1	9.2	8	53	5.00	1.00
B	D	AMEV Securities[2]/closed end	9.6	17.5	10.0	111	8	NA	0.89
C	B	AMEV US Govt Secs Fund/AMEV Investors	10.0	17.0	10.3	45	200	4.50	1.13
A	B	Axe-Houghton Income Fund/Axe-Houghton	11.5	25.3	9.0	46	22	none	1.04‡
D	B	Babson Bond Trust/Jones & Babson	9.7	18.4	9.8	62	30	none	0.98
		Bartlett Capital Trust-Fixed Income/Bartlett	—*	—*	—*	14	—	none	1.00‡
		Benham Government Income-GNMA/Benham	—*	—*	—*	213	—	none	0.29
		Benham Target Maturities Trust-1990/Benham	—*	26.5	2.9	5	317	none	0.53
		BLC Government Securities Income Fund/Princor	—*	—*	—*	44	—	5.50	0.60
B	B	Bond Fund of America/American Funds	11.4	22.6	9.8	530	31	8.50	0.61
		Boston Co GNMA Fund/Boston Co	—*	—*	—*	8	—	none	0.80‡
		Boston Co Managed Income Fund/Boston Co	—*	20.9	11.2	29	215	none	1.48‡
		Bull & Bear High Yield Fund/Bull & Bear	—*	17.7	12.7	114	239	none	1.33‡
		Bull & Bear US Govt Guaranteed Secs/Bull & Bear	—*	—*	—*	9	—	none	NA‡
		Bullock High Income Shares/Bullock	—*	14.9	13.5	188	63	7.25	0.94
B	•F	Bullock Monthly Income Shares/Bullock	—*	17.7	10.1	44	6	8.50	1.15
		Bullock US Government Income Shares/Bullock	—*	8.9	10.9	67	468	5.00	0.68‡
B	D	Bunker Hill Income Securities/closed end	10.0	20.4	11.9	46	7	NA	0.90
		Calvert Fund-Income/Calvert	—*	22.1	9.2	21	74	none	0.85‡
		Capital Preservation Treasury Note/Benham	—*	21.2	9.6	28	82	none	1.00
		Cardinal Government Guaranteed Fund/Ohio Co	—*	—*	—*	82	—	4.75	NA
		Carnegie Govt Secs-High Yield Govt[3]/Carnegie	—*	17.1	7.8	22	36	4.00	1.16‡
		Cigna High Yield Fund/Cigna	—*	22.6	11.8	204	79	5.00	0.94‡
B	C	Cigna Income Fund/Cigna	10.5	24.3	8.9	246	19	5.00	0.83‡
C	B	Circle Income Shares/closed end	10.0	13.8	11.1	33	4	NA	0.89
A	D	CNA Income Shares/closed end	10.6	21.3	10.0	66	18	NA	0.87
		Colonial Govt Mortgage Trust[4]/Colonial	—*	11.6	9.2	18	28	4.75	0.81‡
		Colonial Govt Securities Plus Trust/Colonial	—*	19.7	8.4	2,422	73	6.75	0.89‡
C	B	Colonial High Yield Securities/Colonial	10.9	19.8	12.3	295	182	4.75	1.08‡
B	D	Colonial Income Fund/Colonial	9.6	17.4	11.4	154	6	4.75	0.94‡
		Columbia Fixed Income Secs Fund/Columbia	—*	15.1	10.4	102	80	none	0.88‡
C	F	Composite Income Fund/Murphey Favre	7.9	11.5	12.6	53	281	4.00	0.00‡
		Composite US Govt Securities/Murphey Favre	—*	12.1	10.8	90	144	4.00	0.63‡
		Connecticut Mutual-Gov Secs/Conn Mutual	—*	—*	—*	19	—	6.25	1.26

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Bond funds are rated only if in operation since 6/30/80. [2]Formerly St Paul Securities. [3]Formerly Carnegie Govt Secs Trust. [4]Formerly Colonial Enhanced Mortgage Trust. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.



Bond & preferred stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Merrill Lynch govt/corporate bond index	**10.6%**	**20.8%**	**9.9%**				
		Forbes bond and preferred stock composite	**10.4%**	**17.6%**	**10.2%**				
		Criterion Bond-Investment Quality/Criterion	—*	19.2%	11.0%	$109	25%	4.50%	$1.01‡
		Criterion Bond-US Govt High Yield/Criterion	—*	10.0	10.9	2,106	874	6.75	1.13‡
A	D	Current Income Shares/closed end	10.8%	29.0	8.9	48	18	NA	0.90
		Dean Witter High Yield Secs/Dean Witter	—*	20.8	12.6	1,050	83	5.50	0.61
		Dean Witter US Govt Secs Trust/Dean Witter	—*	9.4	11.3	9,746	183	5.00b	1.24‡
		Delaware Group Government-GNMA/Delaware	—*	—*	—*	35	—	4.75	NA‡
		Delaware Group Government-US Govt/Delaware	—*	—*	—*	36	—	4.75	NA‡
		Delaware Treasury Reserves-Investors/Delaware	—*	—*	—*	84	—	none	NA‡
B	D	Delchester Bond Fund/Delaware	10.4	19.6	13.1	128	112	6.75	0.96
		Depositors Investment-Government Secs/Putnam	—*	—*	—*	7	—	none	NA‡
A+	D	Drexel Bond Debenture Trading Fund/closed end	11.3	17.8	9.7	52	7	NA	1.04
		Drexel Series-Bond-Debenture/Drexel	—*	18.2	8.4	14	492	5.00b	2.50‡
		Drexel Series-Government Secs/Drexel	—*	10.2	10.6	283	534	5.00b	2.03‡
D	A	Dreyfus A Bonds Plus/Dreyfus	10.6	19.2	9.3	222	43	none	0.87
		Dreyfus GNMA Fund/Dreyfus	—*	12.0	10.1	1,801	NM	none	0.96‡
		Eaton Vance Govt Obligations Trust/Eaton Vance	—*	14.0	8.9	336	95	6.75	1.23‡
B	C	Eaton Vance High Yield/Eaton Vance	9.8	18.7	11.3	31	26	6.75	0.99
		Equitec Siebel Government Secs Fund/Equitec	—*	—*	—*	14	—	5.00b	NA‡
B	F	Excelsior Income Shares/closed end	8.6	14.7	10.2	40	4	NA	0.94
		Federated GNMA Trust/Federated	—*	13.9	10.5	1,046	326	none	0.61
		Federated High Income Secs Fund/Federated	—*	18.2	12.2	334	71	6.50	1.14‡
		Federated High Yield Trust/Federated	—*	19.3	12.4	83	616	none	0.75
		Federated Income Trust/Federated	—*	10.4	10.7	453	189	none	0.57
		Federated Intermediate Govt Trust/Federated	—*	13.3	9.6	1,249	373	none	0.44
		Federated Short-Intermediate Govt/Federated	—*	10.9	9.4	2,916	229	none	0.43
C	C	Fidelity Flexible Bond Fund[5]/Fidelity	9.7	19.8	9.9	250	35	none	0.67
		Fidelity Ginnie Mae/Fidelity	—*	—*	—*	600	—	none	0.75
D	•A	Fidelity Government Securities Fund/Fidelity	—*	18.3	9.3	407	221	none	0.81‡
A	•B	Fidelity High Income Fund/Fidelity	—*	24.2	11.3	1,333	132	none	0.83
		Fidelity Mortgage Secs Fund/Fidelity	—*	13.1	10.4	618	452	none	0.76‡
D	•A	Fidelity Thrift Trust/Fidelity	—*	17.5	7.5[6]	293	44	none	0.79
		Financial Bond Shares-High Yield/Financial Prog	—*	22.7	12.0	36	308	none	0.93
		Financial Bond Shares-Select Inc/Financial Prog	—*	24.7	9.8	19	111	none	0.97
		First Australia Prime Income Fund/closed end	—*	—*	—*	740	—	NA	NA
D	•A	First Investors Bond Appreciation/First Investors	—*	21.9	9.2	189	50	7.25	1.02‡
D	A	First Investors Fund for Income/First Investors	10.2	17.0	12.9	1,646	42	8.50	0.90‡
		First Investors Government Fund/First Investors	—*	11.1	10.9	132	163	7.25	1.19‡
		First Investors US Govt Plus-2nd/First Investors	—*	—*	—*	6	—	8.00	NA‡
		First Trust Fund-US Government/First Trust	—*	—*	—*	130	—	4.75	NA‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Bond funds are rated only if in operation since 6/30/80. [5]Formerly Fidelity Corporate Bond Fund. [6]Dividend changed from monthly to annual payout; yield not comparable to other funds. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

When will you know if you've chosen the wrong Investment Manager?

If you suspect your portfolio could be performing better and are considering a change in investment managers, it's time you knew about Stolper & Company. Since 1975, we've been helping investors evaluate, select and monitor their money managers.

No Ginnie Maes. No financial planning. Our sole focus is identifying responsible, talented money managers. To learn more, send for Michael Stolper's guide to "Selecting an Investment Manager." Call or write Wilma L. Engel at Stolper & Company, 525 B St., Suite 630, San Diego, CA 92101, (619)231-9102.

If you *have* chosen the wrong investment manager, wouldn't you like to know in time to do some good? ($100,000 portfolio minimum.)

STOLPER & COMPANY

THE INVESTMENT MANAGER MANAGER℠

A VALUE ORIENTED MUTUAL FUND

USING THE INVESTMENT PRINCIPLES DEVELOPED BY

BENJAMIN GRAHAM & JAMES B. REA

☑ INDIVIDUAL INVESTMENTS ($1,000 MINIMUM) and
☑ IRA ACCOUNTS ($200 MINIMUM)

CALL COLLECT (213) 471-1917
OR SEND COUPON

REA-GRAHAM FUND, INC.

REA-GRAHAM FUND
10966 Chalon Road. Los Angeles. Calif. 90077

Name _____
Address _____
City _____
State _____ Zip _____

Send for a free brochure and prospectus containing more complete information including charges and expenses. Read it carefully before deciding to invest. Send no money.

F-9/8/86

1986 Fund Ratings

Bond & preferred stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends
		Merrill Lynch govt/corporate bond index	**10.6%**	**20.8%**	**9.9%**
		Forbes bond and preferred stock composite	**10.4%**	**17.6%**	**10.2%**
		Flex-fund-Bond Fund/Flex	—*	14.0%	8.2%
A+	F	**Fort Dearborn Income Securities/closed end**	10.4%	25.7	8.8
		FPA New Income/Angeles/Quinoco	—*	15.5	8.9
C	B	**Franklin Age High Income Fund/Franklin**	11.2	17.7	12.8
D	D	**Franklin Custodian-US Govt/Franklin**	7.5	13.0	12.1
		Freedom Government Plus Fund/Tucker Anthony	—*	—*	—*
B	D	**Fund for US Govt Securities/Federated**	8.6	9.8	11.3
		GIT Income Trust-A-Rated/GIT	—*	20.3	8.9
		GIT Income Trust-Maximum Income/GIT	—*	19.2	11.4
		Government Income Securities/Federated	—*	—*	—*
B	D	**John Hancock Bond Trust/Hancock**	9.2	18.9	9.5
A+	F	**John Hancock Income Securities/closed end**	10.3	20.5	9.6
C	B	**John Hancock Investors/closed end**	11.1	21.2	9.6
		John Hancock US Govt Guar Mort/Hancock	—*	13.1	9.9
D	A	**John Hancock US Govt Secs Trust/Hancock**	9.1	18.8	8.7
B	B	**Hatteras Income Securities/closed end**	11.1	21.4	10.0
		High Yield Securities/AIM Distributor	—*	15.7	12.3
		Home Investors Govt Guar Income/Integrated	—*	11.4	11.2
		Hutton Investment-Bond & Income/Hutton	—*	27.8	9.2
		Hutton Investment-Government Secs/Hutton	—*	14.0	7.9
B	C	**IDS Bond Fund/IDS**	11.0	26.2	10.5
		IDS Extra Income Fund/IDS	—*	21.7	10.8
		IDS Federal Income Fund/IDS	—*	—*	—*
A	C	**IDS Selective Fund/IDS**	11.0	24.0	10.5
		IDS Strategy Fund-Income/IDS	—*	21.8	8.4
B	C	**INA Investment Securities/closed end**	10.3	23.7	9.6
A	D	**Independence Square Income Secs/closed end**	10.6	17.2	10.5
		Industrial Series-Govt Secs Plus/Mackenzie	—*	—*	—*
A	D	**InterCapital Income Securities/closed end**	10.8	22.9	10.6
		Investment Port-Govt Plus/Kemper	—*	12.6	9.5
		Investment Port-High Yield/Kemper	—*	19.2	9.7
		Investment Tr of Boston-High Income Plus/ITB	—*	16.9	10.4
D	B	**Investors Income Fund‡/Tenneco**	9.7	16.1	9.1
F	A	**ISI Income Fund/ISI**	11.0	6.3	5.6
		JP Income Fund/Jefferson-Pilot	—*	24.8	8.7
B	•B	**Kemper High Yield Fund/Kemper**	—*	21.4	11.3
C	•C	**Kemper Income & Capital Preservation/Kemper**	—*	18.8	10.8
D	•D	**Kemper US Govt Secs Fund/Kemper**	—*	20.6	10.9
C	B	**Keystone Custodian B-1/Keystone**	10.6	18.9	9.5

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Bond funds are rated only if in operation since 6/30/80. ‡Formerly Southwestern Investors Income Fund. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or

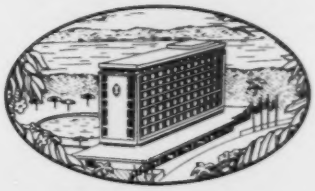
Table of distributors, showing addresses and phone numbers, begins on page 186.

	Total assets 6/30/86 (millions)	% change '86 vs '85	Maximum sales charge	Annual expenses per $100
	$ 6	107%	none	$0.81‡
	106	15	NA	0.81
	6	24	5.00%	1.55
	782	354	4.00	0.67
	13,032	178	4.00	0.53
	25	—	3.00b	NA‡
	902	307	none	0.91‡
	8	34	none	1.12‡
	15	62	none	1.10‡
	495	—	4.00	0.92‡
	1,085	17	8.50	0.79
	152	10	NA	0.64
	152	11	NA	0.63
	323	292	8.50	0.93
	165	31	8.50	0.98
	54	11	NA	0.92
	89	1	6.50	1.06
	167	392	5.00b	1.84‡
	316	61	5.00b	1.79‡
	4,353	143	5.00b	1.67‡
	1,773	36	3.50	0.60‡
	810	70	5.00	0.86‡
	202	—	5.00	0.90‡
	1,089	33	5.00	0.59‡
	91	204	5.00b	1.75‡
	91	15	NA	0.98
	31	6	NA	1.01
	23	—	6.75	1.60‡
	213	14	NA	0.67
	3,763	644	6.00b	1.94‡
	129	249	6.00b	2.15‡
	23	23	6.75	1.48‡
	18	61	4.50	1.59
	7	–7	8.50	1.51
	20	1	8.00	0.93
	304	36	5.50	0.71
	180	43	5.50	0.70
	1,942	232	4.50	0.50
	192	136	4.00r	1.02‡

in force. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

In Kinshasa
the city's number one meeting place
is also its most luxurious hotel.

HOTEL
INTER•CONTINENTAL
KINSHASA



THE ADVANTAGE IS INTER•CONTINENTAL®

INTER•CONTINENTAL HOTELS

Avenue-Batetela-Kinshasa/Gombe, P.O. Box 9535, 27284, Telex: 21212
For reservations at over 80 superb hotels around the world call: 1-800-327-0200
or your travel agent or travel planner.

The business of America is Penn Square's business.

Blue chip companies are America's economic backbone. We have always felt that among them are some of the best, most stable opportunities for long-term capital growth.

The future's never guaranteed, but in our book, this theory has worked: a $10,000 investment in Penn Square's *Voluntary Accumulation Plan* in 1958 would today be worth over $264,968.*

Penn Square Mutual Fund

Call toll free: 800/523-8440 In PA call collect: 215/670-1031

*These figures update those found on pg. 5 of our prospectus. Of course, net asset value does fluctuate.

For more complete information, including management charges and expenses, write or call us for our free prospectus. Read it carefully before you invest or send money.

F

Penn Square Mutual Fund

2650 Westview Dr., P.O. Box 1419, Reading, PA 19603

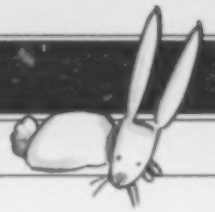
Name _____

Address _____

City _____ State _____ Zip _____

Investment experience since 1957/Over $200,000,000 in assets.

1986 Fund Ratings



Bond & preferred stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Merrill Lynch govt/corporate bond index	10.6%	20.3%	9.9%				
		Forbes bond and preferred stock composite	10.4%	17.6%	10.2%				
C	A	Keystone Custodian B-2/Keystone	11.4%	20.3%	9.8%	$425	109%	4.00%r	$1.01‡
C	A	Keystone Custodian B-4/Keystone	11.8	19.0	12.1	1,557	137	4.00r	0.87‡
C	A	Kidder Peabody Government Income Fund/Kidder	—*	—*	—*	125	—	5.00b	1.91‡
D	•D	Lexington GNMA Income Fund/Lexington	—*	12.8	10.0	115	179	none	1.01‡
D	B	Liberty Fund/Neuberger	8.5	15.2	7.1	10	10	none	2.00
D	A+	Lincoln National Direct Placement/closed end	14.4	21.7	8.3	69	11	NA	1.01
C	A	Lord Abbett Bond-Debenture/Lord Abbett	11.9	18.0	11.0	537	115	8.50	0.68
D	A	Lord Abbett US Govt Securities Fund*/Lord Abbett	11.3	15.7	10.7	214	234	6.75	1.01‡
B	C	Mass Financial Bond Fund/Mass Finl	10.4	21.8	9.7	309	16	7.25	0.79
B	•B	Mass Financial High Income Trust/Mass Finl	—*	20.2	13.0	843	80	7.25	0.80
		Mass Financial International-Bond/Mass Finl	—*	37.9	6.3	118	211	7.25	1.43
C	A+	MassMutual Corporate Investors/closed end	16.9	36.4	8.8	140	23	NA	1.11
D	B	MassMutual Income Investors/closed end	9.5	14.4	11.8	124	4	NA	0.97
		Merrill Lynch Corp Bond-High Income/ML Funds	—*	18.1	11.7	530	87	4.00	0.73
		Merrill Lynch Corp Bond-High Quality/ML Funds	—*	17.9	9.8	194	47	4.00	0.73
		Merrill Lynch Corp Bond-Intermediate/ML Funds	—*	17.7	9.5	95	151	2.00	0.61
		Merrill Lynch Federal Secs Trust/ML Funds	—*	15.7	9.4	6,404	170	6.25	0.54‡
		Merrill Lynch Retirement/Income/ML Funds	—*	—*	—*	1,071	—	4.00b	NA‡
		MFS Government Guaranteed Secs/Mass Finl	—*	10.7	10.4	381	116	4.75	1.09‡
		MFS Government Secs High Yield Trust/Mass Finl	—*	—*	—*	229	—	4.75	NA‡
		Midwest Group-LG US Govt Securities/Leshner	—*	12.2	10.9	45	89	4.00	1.49‡
		Midwest Income-Intermediate Govt/Leshner	—*	13.6	8.9	57	79	none	1.31‡
		Mimlic Mortgage Securities Income Fund/Mimlic	—*	12.6	10.2	11	107	5.00	0.60
A	D	Montgomery Street Income Securities/closed end	9.8	18.7	10.2	158	7	NA	0.83
		Mutual of Omaha America/Mutual of Omaha	—*	14.3	8.6	33	50	none	1.05
C	D	Mutual of Omaha Interest Shares/closed end	9.4	16.7	10.3	92	7	NA	0.80
C	B	National Bond Fund/National Secs	10.0	18.5	13.3	473	44	7.25	0.94
		National Federal Securities Trust/National Secs	—*	11.7	10.5	1,013	336	6.75	0.82
		National Preferred Fund/National Secs	12.8	26.0	8.7	4	10	7.25	1.07
•C	•D	Nationwide Bond Fund/Nationwide	—*	16.9	9.6	17	98	7.50	0.70
D	C	NEL Income Fund/NEL	8.6	16.6	10.3	46	24	8.00	0.87
		New Beginning Yield Fund/Sit	—*	9.9	7.9	6	206	none	1.50
		New England Life Government Secs/NEL	—*	—*	—*	160	—	6.50	0.67‡
D	C	Newton Income Fund/Newton	7.0	10.8	9.4	11	–10	none	1.60‡
C	D	Nicholas Income Fund/Nicholas	7.9	15.7	10.0	48	105	none	1.00
		North Star Bond Fund/North Star	—*	13.3	9.1	35	57	none	0.70
		North Star Reserve Fund/North Star	—*	—*	—*	33	—	none	0.90
A	C	Northeast Investors Trust/Northeast Inves	11.3	24.6	10.8	289	38	none	0.76
C	•D	Oppenheimer High Yield Fund/Oppenheimer Inv	—*	17.2	13.5	627	32	6.75	0.89

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Bond funds are rated only if in operation since 6/30/80. *Formerly Lord Abbett Income Fund. • Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Bond & preferred stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months: total return	Latest 12 months: return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Merrill Lynch govt/corporate bond index	**10.6%**	**20.8%**	**9.9%**				
		Forbes bond and preferred stock composite	**10.4%**	**17.6%**	**10.2%**				
		Oppenheimer Retirement-US Govt/Opp Inv	—*	11.7%	10.3%	$ 11	113%	8.50%	$0.00
		Oppenheimer US Government/Oppenheimer Inv	—*	—*	—*	160	—	6.75	NA‡
B	C	Pacific American Income Shares/closed end	11.2%	21.8	9.3	95	11	NA	0.87
		Pacific Horizon-High Yield Bond/Dreyfus	—*	19.9	11.6	23	169	none	0.29
		PaineWebber Fixed Inc-GNMA/PaineWebber	—*	14.0	12.3	2,712	282	4.25	0.62
		PaineWebber Fixed Inc-High Yield/PaineWebber	—*	19.8	13.0	439	490	4.25	0.69
		PaineWebber Fixed Inc-Invest Grade/PaineWebber	—*	20.6	11.8	261	243	4.25	0.63
		PaineWebber Master Series-Income/PaineWebber	—*	—*	—*	275	—	5.00b	1.20‡
		Phoenix High Quality Bond Fund/Phoenix	—*	20.9	8.0	16	268	7.00	1.17
		Phoenix High Yield Fund/Phoenix	—*	20.4	11.8	92	48	7.00	0.77
		Pilgrim GNMA Fund/Pilgrim	—*	6.0	11.4	222	NM	1.50	1.00‡
C	A	Pilgrim High Yield Trust/Pilgrim	10.9	15.6	12.5	14	12	1.50	1.50‡
		Pilgrim Preferred Fund/Pilgrim	—*	—*	—*	55	—	1.50	NA‡
		Pioneer Bond Fund/Pioneer	—*	15.3	10.2	30	63	4.50	1.00
		T Rowe Price GNMA Fund/Price	—*	—*	—*	209	—	none	1.00
		T Rowe Price High Yield Fund/Price	—*	22.7	11.8	708	358	none	1.00
F	A+	T Rowe Price New Income Fund/Price	10.6	18.2	9.3	933	18	none	0.66
		T Rowe Price Short-Term Bond Fund/Price	—*	11.3	8.7	126	126	none	1.31
		Principal Preservation-Government Plus/Ziegler	—*	—*	—*	24	—	6.50	0.80
		Prudential-Bache GNMA Fund/Pru-Bache	—*	11.7	9.0	269	646	5.00b	1.35‡
		Prudential-Bache Government Plus/Pru-Bache	—*	14.7	7.8	3,913	100	5.00b	1.48‡
		Prudential-Bache Govt Secs-Inter Term/Pru-Bache	—*	15.5	9.4	624	NM	none	0.67‡
C	•C	Prudential-Bache High Yield Fund/Pru-Bache	—*	19.0	11.4	1,315	331	5.00b	0.95‡
		Putnam GNMA Plus Trust/Putnam	—*	—*	—*	112	—	4.75	NA‡
		Putnam High Income Government Trust/Putnam	—*	17.2	8.9	3,771	818	6.75	NA‡
A	•C	Putnam High Yield Trust/Putnam	—*	19.4	13.9	2,430	113	†	0.60
		Putnam High Yield Trust II/Putnam	—*	—*	—*	91	—	6.75	NA‡
B	C	Putnam Income Fund/Putnam	10.5	15.8	10.7	189	14	6.75	0.73
		Putnam US Govt Guaranteed Secs/Putnam	—*	10.7	11.6	539	260	4.75	NA
F	A	Revere AE Capital Fund/closed end	10.1	20.7	8.7	42	10	NA	1.28
		Royce Fund-High Yield/Quest	—*	—*	—*	10	—	2.00b, r	1.30‡
		RPF of America-Bond Fund/Venture	—*	12.0	10.4	47	111	5.00b	1.17‡
		Rushmore Fund-Ginnie Mae/Rushmore	—*	—*	—*	7	—	1.00b[?]	1.00‡
		Scudder Government Mortgage Securities/Scudder	—*	—*	—*	182	—	none	1.02
C	C	Scudder Income Fund/Scudder	9.4	17.3	9.7	197	31	none	0.91
		Scudder Target Fund-General 1987/Scudder	—*	9.2	6.2	6	14	none	1.43
		Scudder Target Fund-General 1990/Scudder	—*	13.6	7.4	16	45	none	1.00
		Scudder Target Fund-General 1994/Scudder	—*	16.4	7.8	6	77	none	1.27
		Scudder Target Fund-Govt 1990/Scudder	—*	13.3	6.7	6	53	none	1.48

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Bond funds are rated only if in operation since 6/30/80. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. ?Fund pays a 1% premium on fund purchases and charges a 2% redemption fee. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Bond & preferred stock

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Investment results: Average annual total return 1976-86	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Maximum sales charge	Annual expenses per $100
		Merrill Lynch govt/corporate bond index	10.6%	20.8%	9.9%				
		Forbes bond and preferred stock composite	10.4%	17.6%	10.2%				
		Security Income Fund-Corporate Bonds[10]/Security	—*	17.7%	11.8%	$43	17%	4.75%	$1.01‡
		Seligman High Inc-High Yield Bond/Seligman	—*	21.5	12.5	53	586	4.75	0.48‡
		Seligman High Inc-Secured Mortgage/Seligman	—*	12.8	10.6	49	110	4.75	0.47‡
		Seligman High Inc-US Govt Guaranteed/Seligman	—*	27.5	9.1	53	178	4.75	0.47‡
D	B	Sentinel Bond Fund/Equity Services	9.6%	17.2	9.2	20	28	8.50	0.72
		Shearson High Yield Fund/Shearson	—*	19.2	12.2	481	110	5.00	0.78
		Shearson Lehman-Intermediate Govt/Shearson	—*	—*	—*	35	—	5.00b	1.60‡
		Shearson Lehman-Long Term Govt Secs/Shearson	—*	—*	—*	1,274	—	5.00b	1.60‡
		Shearson Managed Government/Shearson	—*	11.6	10.3	1,447	60	5.00	0.82
		Sigma Income Shares/Sigma	—*	20.0	10.4	28	37	8.50	0.81‡
		Smith Barney-Income Return/Smith Barney	—*	9.3	8.2	39	298	2.50	0.21
		Smith Barney-US Government/Smith Barney	—*	12.7	11.3	413	223	4.00	0.27
D	B	State Mutual Securities/closed end	10.0	16.7	10.4	94	7	NA	0.96
		SteinRoe Governments Plus/Stein Roe	—*	—*	—*	12	—	none	NA
		SteinRoe High-Yield Bonds/Stein Roe	—*	—*	—*	32	—	none	NA
		SteinRoe Managed Bonds[11]/Stein Roe	—*	22.1	8.5	183	36	none	0.69
		Strong Income Fund/Strong	—*	—*	—*	45	—	none	1.20
		Thomson McKinnon Income Fund/Thomson	—*	14.4	11.2	312	156	5.00b	1.70‡
		Thomson McKinnon US Government/Thomson	—*	—*	—*	242	—	5.00b	1.90‡
A+	D	Transamerica Income Shares/closed end	11.3	25.2	9.7	123	13	NA	0.68
		20th Century US Govt Investors/20th Century	—*	11.1	9.3	183	190	none	1.01
		UMB Bond Fund/Jones & Babson	—*	14.5	12.3	20	107	none	0.88
A	D	United Bond Fund/Waddell & Reed	10.2	22.8	9.3	343	6	8.50	0.67‡
		United Govt Secs Fund/Waddell & Reed	—*	23.4	9.8	134	118	4.00	0.87‡
B	•C	United High Income Fund/Waddell & Reed	—*	19.8	12.4	1,184	57	†	0.81‡
		USAA Mutual-Income Fund/USAA	—*	13.8	9.6	200	54	none	0.70
A	C	USLife Income Fund/closed end	11.3	21.0	10.9	59	11	NA	1.32
		Value Line Aggressive Income Trust/Value Line	—*	—*	—*	18	—	none	NA
		Value Line US Government Secs Fund[12]/Value Line	—*	14.0	10.2	95	42	none	0.86
		Van Kampen Merritt US Govt/Van Kampen	—*	17.3	11.7	2,862	364	4.90	0.61
		Vanguard Fixed Income-GNMA/Vanguard	—*	13.9	10.6	1,605	207	none	0.50
C	•B	Vanguard Fixed Income-High Yield/Vanguard	—*	20.2	11.6	1,019	178	none	0.60
C	B	Vanguard Fixed Income-Invest Grade/Vanguard	10.4	17.4	10.8	426	142	none	0.55
		Vanguard Fixed Income-ST/Vanguard	—*	12.9	8.9	270	89	none	0.49
		Vanguard Qualified Dividend Port II/Vanguard	10.7	22.0	9.9	121	49	none	0.53
		Vanguard Qualified Dividend Port III/Vanguard	—*	4.0	8.2	134	–12	none	0.49
		Venture Income Plus/Venture	—*	17.7	14.5	63	49	8.50	1.25
B	B	Vestaur Securities/closed end	11.8	30.5	8.9	90	19	NA	1.10
		Yes Fund/Yes	—*	5.7	12.8	189	47	3.75	1.25

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Bond funds are rated only if in operation since 6/30/80. [10]Formerly Security Bond Fund. [11]Formerly SteinRoe Bond Fund. [12]Formerly Value Line Bond Fund. •Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. b- Includes redemption fee that reverts to distributor. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

Municipal bond funds

Municipal bond funds in existence since June 1981 are graded according to their five-year total return (price appreciation plus reinvested dividends). In choosing a municipal bond fund, consider risk as well as performance grade. Long-term portfolios are riskier than shorter-term ones. Thus, the bonds with shorter maturities don't deliver very impressive performance during a bull market for bonds, as we've had in recent years. But the short-term bonds are much less likely to decline in value during a bear market, when interest rates are rising. If the prospect of renewed inflation between now and 2016 doesn't bother you, go for the high return of a fund that owns bonds due in 2016. If, on the other hand, you think double-digit inflation will recur, accept the smaller return of an intermediate-term portfolio. The other risk factor besides years to maturity is credit risk. Again, high-yield portfolios are riskier than most; they look best in terms of pure performance, but they would be the first to get hurt in an economic recession. To obtain information about a fund, call or write the distributor listed next to the fund's name. Distributor addresses and phone numbers are in the table on page 186.

Long-term performance	Fund/distributor	Date started	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
	Shearson Lehman Municipal bond index		**16.5%**	**8.2%**				
	Forbes municipal bond composite		**14.9%**	**7.6%**				
	American Capital Calif Tax-Exempt/Amer Cap	1/86	—*	—*	$ 9	—	4.75%	$0.65‡
A	**American Capital Muni Bond Fund/Amer Cap**	11/76	22.0%	7.4%	142	46%	4.75	0.72
	American Capital Tax-Exempt-Hi Yield/Amer Cap	1/86	—*	—*	86	—	4.75	0.70‡
	American Capital Tax-Exempt-Insured/Amer Cap	1/86	—*	—*	19	—	4.75	0.31‡
	American Capital Tax-Exempt-New York/Amer Cap	1/86	—*	—*	5	—	4.75	0.67‡
C	**Babson Tax-Free Income-Long Term/Jones & Babson**	2/80	16.6	7.5	21	31	none	1.00
D	**Babson Tax-Free Income-Short Term/Jones & Babson**	2/80	8.8	6.4	13	30	none	1.00
	Benham Calif Tax-Free-Intermediate/Benham	11/83	10.7	6.7	106	99	none	0.96
	Benham Calif Tax-Free-Long Term/Benham	11/83	14.7	7.6	161	108	none	0.95
	Benham National Tax-Free-Intermediate/Benham	7/84	12.4	7.2	12	248	none	0.09
	Benham National Tax-Free-Long-Term/Benham	8/84	16.9	8.3	21	146	none	0.26
	BLC Tax-Exempt Bond Fund/Princor	4/86	—*	—*	9	—	4.50	0.15
	Boston Co Tax-Free Muni-Bond/Boston Co	10/85	—*	—*	6	—	none	0.75‡
	Boston Co Tax-Free Muni-Mass Bond/Boston Co	9/85	—*	—*	8	—	none	0.75‡
	Bull & Bear Tax-Free Income Fund/Bull & Bear	3/84	19.6	7.7	14	85	none	1.02‡
	Bullock Insured Calif Tax-Exempt Shares/Bullock	11/85	—*	—*	13	—	5.00	NA
C	**Bullock Tax-Free Shares/Bullock**	2/77	14.5	8.1	103	37	4.75	0.97
	California Tax Exempt Bonds/National Secs	5/83	14.9	7.9	66	58	5.25	0.46
	Calvert Tax-Free Reserves-Long-Term/Calvert	9/83	14.9	9.4	65	45	none	0.84‡
D	**Calvert Tax-Free Reserves-Limited/Calvert**	4/81	7.1	6.6	108	71	none	0.88
C	**Cigna Municipal Bond Fund/Cigna**	3/77	11.1	7.8	233	35	5.00	0.79‡
	Colonial Tax-Exempt High Yield Trust[1]/Colonial	11/78	15.4	7.9	1,149	144	4.75	0.86‡
	Colonial Tax Exempt Insured Fund/Colonial	12/85	—*	—*	73	—	4.75	1.03‡
	Columbia Municipal Bond Fund/Columbia	7/84	14.2	8.0	81	115	2.00r	0.76‡
C	**Composite Tax-Exempt Bond Fund/Murphey Favre**	1/77	16.0	7.9	68	19	4.00	0.78‡
D	**Country Capital Tax Exempt Bond/Country Capital**	11/78	15.2	7.0	7	40	5.00	1.19
	DBL Tax-Free Fund-Limited Term/Drexel	4/85	11.2	6.7	61	552	1.50	1.00
	Dean Witter California Tax-Free Inc/Dean Witter	7/84	14.7	6.8	273	120	5.00b	1.30‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Municipal bond funds graded on the five-year total return, 6/30/81 to 6/30/86. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. [1]Not rated; converted to a tax-exempt fund in 9/84. NA: Not applicable or not available. *Performance data: Lipper Analytical Services and CDA Investment Technologies, Inc.*

Table of distributors, showing addresses and phone numbers, begins on page 186.

Municipal bond funds

Long-term performance	Fund/distributor	Date started	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
	Shearson Lehman Municipal bond index		16.5%	8.2%				
	Forbes municipal bond composite		14.9%	7.6%				
	Dean Witter NY Tax-Free Income Fund/Dean Witter	4/85	15.8%	6.7%	$92	131%	5.00%b	$1.46‡
A	Dean Witter Tax-Exempt Secs/Dean Witter	3/80	17.8	8.0	731	103	4.00	0.61
	DMC Tax-Free Income-USA/Delaware	1/84	20.1	8.3	206	135	4.75	0.84
	DMC Tax-Free Income-USA Insured/Delaware	3/85	16.7	7.6	28	520	4.75	0.76
B	DMC Tax-Free Income Trust-PA/Delaware	3/77	15.6	8.1	245	148	4.75	0.77
	Double Exempt Capital Conservation Fund/Voyager	10/85	—*	—*	11	—	2.25	1.00
	Double Exempt Flex Fund/Voyager	2/84	29.6	14.3	74	171	4.00	1.00
	Dreyfus Calif Tax Exempt Bond/Dreyfus	7/83	15.3	7.7	982	75	none	0.72
	Dreyfus General Tax Exempt Bond Fund/Dreyfus	3/84	16.9	8.1	41	223	none	0.41
	Dreyfus Insured Tax Exempt Bond Fund/Dreyfus	6/85	16.7	7.5	151	NM	none	0.73‡
	Dreyfus Intermediate Tax Exempt Bond/Dreyfus	8/83	13.0	7.6	936	65	none	0.75
	Dreyfus Massachusetts Tax Exempt Bond/Dreyfus	6/85	13.7	7.7	55	NM	none	0.26
	Dreyfus NY Tax Exempt Bond Fund/Dreyfus	7/83	14.8	7.7	1,231	77	none	0.71
C	Dreyfus Tax Exempt Bond Fund/Dreyfus	10/76	15.4	8.2	3,302	27	none	0.68
	Eaton Vance California Munis Trust/Eaton Vance	12/85	—*	—*	64	—	6.00b, r	0.52‡
	Eaton Vance High Yield Municipals/Eaton Vance	12/85	—*	—*	410	—	6.00b, r	0.70‡
A	Eaton Vance Muni Bond Fund/Eaton Vance	3/78	17.8	7.3	46	88	3.75	0.88
	Empire Builder Tax Free Bond Fund/ITB	6/84	12.5	7.2	29	90	4.75	1.50
	Federated Intermediate Municipal/Federated	12/85	—*	—*	45	—	none	NA
B	Federated Tax-Free Income Fund/Federated	10/76	17.4	7.8	261	89	none	0.93‡
	Fidelity Calif Tax-Free High Yield/Fidelity	7/84	14.2	7.6	319	479	none	0.72
	Fidelity Mass Tax-Free-Muni Bond/Fidelity	11/83	14.7	7.8	459	165	none	0.63
	Fidelity NY Tax-Free-High Yield/Fidelity	7/84	12.7	7.6	208	367	none	0.86
	Fidelity NY Tax-Free-Insured/Fidelity	10/85	—*	—*	72	—	none	0.60
	Fidelity State Tax-Free-Michigan/Fidelity	11/85	—*	—*	62	—	none	NA‡
	Fidelity State Tax-Free-Minnesota/Fidelity	11/85	—*	—*	41	—	none	NA‡
	Fidelity State Tax-Free-Ohio/Fidelity	11/85	—*	—*	46	—	none	NA‡
	Fidelity Tax-Free-Aggressive/Fidelity	9/85	—*	—*	248	—	1.00	0.60
A	Fidelity Tax-Free-High Yield/Fidelity	12/77	17.6	7.9	1,780	33	none	0.56
	Fidelity Tax-Free-Insured/Fidelity	11/85	—*	—*	66	—	none	0.60
D	Fidelity Tax-Free-Limited Term Munis/Fidelity	4/77	13.8	6.9	400	52	none	0.71
C	Fidelity Tax-Free-Municipal Bond/Fidelity	8/76	16.5	7.2	980	21	none	0.46
	Fidelity Texas Tax-Free/Fidelity	1/86	—*	—*	14	—	none	0.65‡
	Financial Tax-Free Income Shares/Financial Prog	8/81	21.0	8.0	109	27	none	0.68
	First Investors New York Tax Free/First Investors	6/84	16.5	7.8	63	105	7.25	1.18‡
B	First Investors Tax Exempt Fund/First Investors	8/77	16.3	9.1	607	39	7.25	1.11‡
	Flagship Tax Exempt Funds Trust-Georgia/Flagship	3/86	—*	—*	10	—	4.20	0.83‡
	Flagship Tax Exempt Funds Trust-Michigan/Flagship	6/85	14.9	7.3	49	308	4.20	0.75‡
	Flagship Tax Exempt Funds Trust-NC/Flagship	3/86	—*	—*	17	—	4.20	0.67‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Municipal bond funds graded on the five-year total return, 6/30/81 to 6/30/86. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributors. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available. NM: Not meaningful.

Performance data: Lipper Analytical Services and CDA Investment Technologies, Inc.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Municipal bond funds

Long-term performance	Fund/distributor	Date started	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
	Shearson Lehman Municipal bond index		**16.5%**	**8.2%**				
	Forbes municipal bond composite		**14.9%**	**7.6%**				
	Flagship Tax Exempt Funds Trust-Ohio/Flagship	6/85	14.4%	7.5%	$ 82	347%	4.20%	$0.81‡
	Flagship Tax Exempt Funds Trust-Virginia/Flagship	3/86	—*	—*	15	—	4.20	0.70‡
	Franklin Calif Insured Tax-Free Income/Franklin	9/85	—*	—*	49	—	4.00	0.42
D	**Franklin California Tax-Free Income Fund/Franklin**	2/77	12.9	8.8	5,776	104	4.00	0.51
	Franklin Federal Tax-Free Income/Franklin	9/83	14.6	8.9	897	716	4.00	0.64
	Franklin Insured Tax-Free Income Fund/Franklin	4/85	15.1	6.3	61	NM	4.00	0.24
	Franklin Mass Insured Tax-Free Income/Franklin	4/85	12.8	6.2	26	703	4.00	0.23
	Franklin Mich Insured Tax-Free Income/Franklin	4/85	14.3	6.3	101	NM	4.00	0.36
	Franklin Minn Insured Tax-Free Income/Franklin	4/85	13.6	6.3	48	NM	4.00	NA
	Franklin NY Tax-Free Income Fund/Franklin	9/82	15.8	8.6	1,709	191	4.00	0.55
	Franklin Ohio Insured Tax-Free Income/Franklin	4/85	13.8	6.3	53	NM	4.00	0.23
	Fund for Tax-Free Investors-Intermed/Rushmore	9/83	12.0	7.1	8	67	none	0.89
	Fund for Tax-Free Investors-Long Term/Rushmore	9/83	13.9	7.9	7	71	none	0.87
	GIT Tax-Free Trust-High Yield/GIT	12/82	14.1	7.6	41	20	none	1.14‡
C	**John Hancock Tax-Exempt Income Trust/Hancock**	1/77	19.4	6.9	283	33	8.50	0.72
	Hawaiian Tax-Free Trust/Aquila	2/85	14.0	7.9	105	269	4.00	0.61‡
	Hutton California Municipal Fund/Hutton	6/83	14.7	7.8	144	47	4.00	0.92
	Hutton National Municipal Fund/Hutton	6/83	17.6	7.9	795	76	4.00	0.73
	Hutton New York Municipal Fund/Hutton	6/83	14.4	7.9	196	65	4.00	0.86
A	**IDS High Yield Tax-Exempt Fund/IDS**	5/79	18.2	8.9	3,123	49	5.00	0.62‡
B	**IDS Tax-Exempt Bond Fund/IDS**	12/76	17.5	7.8	765	36	5.00	0.63‡
	Insured Quality Tax Free Bond/Criterion	6/83	18.3	6.8	29	15	4.50	1.30‡
	Integrated Insured Tax Free Fund/Integrated	11/85	—*	—*	119	—	4.75	0.76
	Investment Trust of Boston-Mass T-F Income/ITB	3/84	13.2	7.4	39	36	4.25	1.13‡
	Kemper Calif Tax-Free Income Fund/Kemper	1/83	15.4	7.9	156	83	4.50	0.70
A	**Kemper Muni Bond Fund/Kemper**	4/7[illegible]	16.7	7.8	796	34	4.50	0.55
	Kemper Tax-Free Income-National/Kemper	12/85	—*	—*	8	—	3.50b	NA‡
	Keystone Tax Exempt Trust/Keystone	10/85	—*	—*	241	—	4.00r	1.35‡
B	**Keystone Tax Free Fund/Keystone**	1/78	15.5	8.1	921	44	4.00r	0.92‡
	Kidder Peabody Tax-Free Income-National/Kidder	12/85	—*	—*	16	—	4.00	0.00
	Kidder Peabody Tax-Free Income-NY/Kidder	12/85	—*	—*	9	—	4.00	0.03
	Limited Term Municipal Fund/Thornburg	8/84	10.9	7.2	60	258	2.75	1.00
	Lord Abbett California Tax-Free Income/Lord Abbett	9/85	—*	—*	38	—	4.75	NA‡
	Lord Abbett Tax-Free-National/Lord Abbett	4/84	16.9	8.1	151	186	4.75	0.66
	Lord Abbett Tax-Free-NY/Lord Abbett	4/84	14.2	7.9	83	89	4.75	0.74
	Merrill Lynch California Tax-Exempt/ML Funds	9/85	—*	—*	391	—	4.00b	0.39‡
A	**Merrill Lynch Muni Bond-High Yield/ML Funds**	11/79	17.1	8.3	1,297	110	4.00	0.56
C	**Merrill Lynch Muni Bond-Insured/ML Funds**	11/77	15.6	8.0	1,743	89	4.00	0.60
D	**Merrill Lynch Muni Bond-Ltd Maturity/ML Funds**	11/79	6.6	6.1	624	46	1.00	0.42

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Municipal bond funds graded on the five-year total return, 6/30/81 to 6/30/86. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available. NM: Not meaningful.

Performance data: Lipper Analytical Services and CDA Investment Technologies, Inc.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

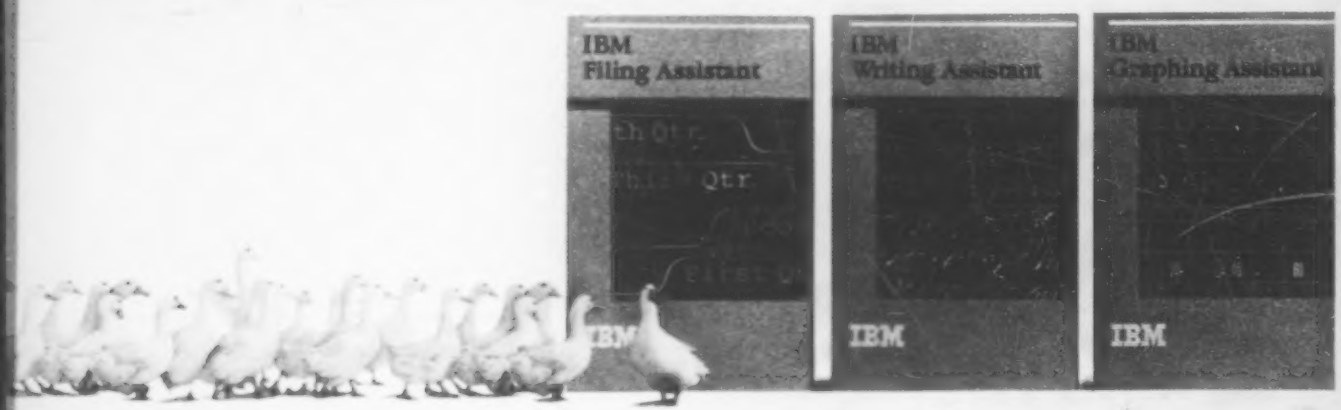
Municipal bond funds

Long-term performance	Fund/distributor	Date started	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
	Shearson Lehman Municipal bond index		**16.5%**	**8.2%**				
	Forbes municipal bond composite		**14.9%**	**7.6%**				
	Merrill Lynch NY Municipal Bond/ML Funds	11/85	—*	—*	$399	—	4.00% b	$0.93‡
	MFS Managed California Tax-Exempt/Mass Finl	6/85	11.6%	5.6%	25	NM	4.75	0.95‡
	MFS Managed High Yield Muni Bond/Mass Finl	2/84	16.8	9.4	346	49%	†	1.04
	MFS Managed M-S Tax-Exempt-Maryland/Mass Finl	11/84	12.8	7.6	52	167	4.75	0.98‡
	MFS Managed M-S Tax-Exempt-Mass/Mass Finl	11/84	14.8	7.6	139	351	4.75	0.86‡
	MFS Managed M-S Tax-Exempt-NC/Mass Finl	11/84	17.4	7.3	72	119	4.75	0.90‡
	MFS Managed M-S Tax Exempt-SC/Mass Finl	11/84	15.0	7.5	17	170	4.75	1.01‡
	MFS Managed M-S Tax-Exempt-Virginia/Mass Finl	11/84	12.4	7.5	124	144	4.75	0.83‡
	MFS Managed M-S Tax-Exempt-W Va/Mass Finl	11/84	14.8	7.8	21	68	4.75	1.00‡
A	**MFS Managed Muni Bond Trust/Mass Finl**	10/76	16.4	7.6	696	69	4.75	0.67

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Municipal bond funds graded on the five-year total return, 6/30/81 to 6/30/86. *Fund not in operation for full period. †Fund not currently selling new shares. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. NM: Not meaningful.

Performance data: Lipper Analytical Services and CDA Investment Technologies, Inc.

Table of distributors, showing addresses and phone numbers, begins on page 186.



How to get all your

Now you can easily control even hard to manage facts and figures with the Assistant Series from IBM.

If you line up the right software, getting your ducks in a row is not only possible, but easy.

There's a software program in IBM's Assistant Series to handle each of the most important jobs people are using personal computers for these days. Each one works alone, or together as a team. And all of the complicated inner workings of these programs have been hidden from view. So using them is almost intuitive.

Filing Assistant is a database program that allows you to organize and store information in any format that suits you, and retrieve it instantaneously.

Writing Assistant is a word processing program that shows you on the screen just what your words will look like on paper, helps correct your spelling and lets you insert forecasts or graphs from other Assistants into your text.

Graphing Assistant turns numbers into pictures. So you can see what the bottom line looks like as a pie chart, a

©Copyright IBM Corporation 1986

Municipal bond funds

Long-term performance	Fund/distributor	Date started	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
	Shearson Lehman Municipal bond index		**16.5%**	**8.2%**				
	Forbes municipal bond composite		**14.9%**	**7.6%**				
	Midwest Group Tax Free-Ohio Long Term/Leshner	4/85	15.1%	7.3%	$13	243%	4.00%	$1.00‡
	Midwest Group Tax Free-Limited Term/Leshner	9/81	6.3	6.0	13	18	2.00	1.12‡
C	**Mutual of Omaha Tax-Free Inc/Mutual of Omaha**	1/77	19.8	7.6	202	47	8.00	0.64
B	**National Securities Tax Exempt Bonds/National Secs**	11/76	18.0	8.0	70	52	5.25	0.83
	Nationwide Tax-Free Fund/Nationwide	3/86	—*	—*	7	—	5.00b	1.06‡
A	**NEL Tax Exempt Bond Fund/NEL**	5/77	19.2	8.8	95	22	4.50	0.84
D	**New York Muni Fund/New York Muni**	4/81	17.1	7.2	216	52	none	1.60‡
C	**Nuveen Muni Bond Fund/Nuveen**	11/76	16.6	6.7	608	38	4.00	0.70
	Oppenheimer NY Tax-Exempt/Oppenheimer Inv	8/84	16.3	7.5	46	119	4.75	0.84
A	**Oppenheimer Tax-Free Bond Fund/Oppenheimer Inv**	10/76	17.7	7.2	106	30	4.75	0.82

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Municipal bond funds graded on the five-year total return, 6/30/81 to 6/30/86. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor.

Performance data: Lipper Analytical Services and CDA Investment Technologies, Inc.

Table of distributors, showing addresses and phone numbers, begins on page 186.

ducks in a row.

bar chart or a line chart. Or all three.

Planning Assistant is a powerful new spreadsheet that replaces the complex commands used in earlier programs with plain English (TOTAL instead of C21+D21+E21+F21+G21).

Reporting Assistant helps you create customized reports (complete with totals, subtotals and averages) of your Filing Assistant data.

And there are more. If your job calls for juggling schedules and deadlines, *Project Assistant* will help keep you on top of things, and on time.

Mainframe Communications Assistant does just what its name suggests: links your PC to your company's mainframe computer.

New *IBM DisplayWrite Assistant* gives you easy-to-use word processing and lets you exchange words with a variety of IBM office systems.

You can see the Assistant Series at any Authorized IBM PC Dealer.

For the one nearest you and a free brochure, call 1-800-447-4700. In Alaska, 1-800-447-0890, in Canada, 1-800-465-6600.

IBM

Personal Computer Software

Municipal bond funds

Long-term performance	Fund/distributor	Date started	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
	Shearson Lehman Municipal bond index		**16.5%**	**8.2%**				
	Forbes municipal bond composite		**14.9%**	**7.6%**				
	Pacific Horizon-Calif Tax-Exempt Bond/Dreyfus	3/84	15.1%	7.3%	$75	93%	none	$0.99‡
	PaineWebber Calif Tax-Exempt Inc/PaineWebber	9/85	—*	—*	122	—	4.25%	0.59
	PaineWebber Tax-Exempt Income/PaineWebber	12/84	16.2	7.7	260	230	4.25	0.72
	Park Ave NY Tax Exempt Intermed Bond/Dreyfus	11/84	11.0	6.8	42	401	none	0.35‡
	T Rowe Price Tax-Free High Yield Fund/Price	3/85	18.6	7.6	177	241	none	1.00
D	**T Rowe Price Tax-Free Income Fund/Price**	11/76	17.2	7.5	1,280	22	none	0.63
	T Rowe Price Tax-Free Short-Intermediate/Price	12/83	7.6	6.1	209	132	none	0.90
	Principal Preservation-Tax-Exempt Fund/Ziegler	8/84	–2.8	8.4	136	107	4.50	1.20‡
	Prudential-Bache California Municipal/Pru-Bache	9/84	13.5	7.3	100	143	5.00b	1.02‡
B	**Prudential-Bache High Yield Municipals/Pru-Bache**	6/80	17.0	7.8	849	152	5.00b	0.73‡
	Prudential-Bache Muni-Arizona/Pru-Bache	9/84	13.7	7.2	36	105	5.00b	1.07‡
	Prudential-Bache Muni-Georgia/Pru-Bache	9/84	14.6	7.5	22	70	5.00b	0.99‡
	Prudential-Bache Muni-Maryland/Pru-Bache	1/85	10.9	7.4	21	135	5.00b	0.94‡
	Prudential-Bache Muni-Mass/Pru-Bache	9/84	12.3	7.3	30	118	5.00b	1.09‡
	Prudential-Bache Muni-Michigan/Pru-Bache	9/84	15.5	7.3	29	91	5.00b	1.09‡
	Prudential-Bache Muni-Minnesota/Pru-Bache	10/84	12.4	7.2	9	153	5.00b	0.95‡
	Prudential-Bache Muni-New York/Pru-Bache	9/84	14.5	7.2	224	117	5.00b	1.08‡
	Prudential-Bache Muni-N Carolina/Pru-Bache	2/84	15.6	7.2	22	220	5.00b	0.92‡
	Prudential-Bache Muni-Ohio/Pru-Bache	9/84	14.8	7.3	46	136	5.00b	1.07‡
	Prudential-Bache Muni-Oregon/Pru-Bache	9/84	12.9	7.0	7	168	5.00b	0.95‡
	Putnam California Tax Exempt Income/Putnam	6/83	16.5	8.0	717	67	4.75	0.65
	Putnam New York Tax Exempt Income/Putnam	9/83	16.7	8.0	605	69	4.75	0.71
A	**Putnam Tax Exempt Income Fund/Putnam**	11/76	19.6	8.1	511	187	4.75	0.68
	Putnam Tax-Free Income Trust-High Yield/Putnam	9/85	—*	—*	173	—	5.00b	NA‡
	Putnam Tax-Free Income Trust-Insured/Putnam	9/85	—*	—*	55	—	5.00b	NA‡
	Safeco California Tax Free Income Fund/Safeco	8/83	14.1	7.4	21	56	none	0.76
	Safeco Municipal Bond Fund/Safeco	11/81	14.7	8.0	150	44	none	0.63
	Scudder California Tax-Free Fund/Scudder	7/83	12.6	7.0	129	36	none	0.88
C	**Scudder Managed Municipal Bonds/Scudder**	10/76	12.3	6.6	589	1	none	0.58
	Scudder New York Tax Free Fund/Scudder	7/83	9.0	6.9	98	29	none	0.88
	Scudder Tax-Free Target-1987/Scudder	4/83	6.1	5.4	30	12	none	0.98
	Scudder Tax-Free Target-1990/Scudder	4/83	8.2	6.4	70	46	none	0.85
	Scudder Tax-Free Target-1993/Scudder	4/83	8.6	6.8	78	95	none	0.86
	Scudder Tax Free Target-1996/Scudder	4/85	12.6	6.4	13	195	none	1.00
	Security Tax-Exempt Fund/Security	10/83	15.9	8.2	11	58	4.75	1.00
	Seligman Calif T-E-High Yield/Seligman	11/84	19.2	8.1	45	62	4.50	0.41
	Seligman Calif T-E-Quality/Seligman	11/84	14.3	7.6	47	124	4.50	0.48
	Seligman Tax-Exempt-Colorado/Seligman	5/86	—*	—*	41	—	4.75	NA
	Seligman Tax-Exempt-Louisiana/Seligman	10/85	—*	—*	42	—	4.75	0.57

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Municipal bond funds graded on the five-year total return, 6/30/81 to 6/30/86. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. NA: Not applicable or not available.

Performance data: Lipper Analytical Services and CDA Investment Technologies, Inc.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Municipal bond funds

Long-term performance	Fund/distributor	Date started	Investment results: Latest 12 months total return	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/86 (millions)	Total assets: % change '86 vs '85	Maximum sales charge	Annual expenses per $100
	Shearson Lehman Municipal bond index		16.5%	8.2%				
	FORBES municipal bond composite		14.9%	7.6%				
	Seligman Tax-Exempt-Maryland/Seligman	10/85	—*	—*	$ 37	—	4.75%	$0.46
	Seligman Tax-Exempt-Mass/Seligman	11/83	12.4%	7.8%	112	89%	4.75	0.83
	Seligman Tax-Exempt-Michigan/Seligman	7/84	16.5	7.6	86	140	4.75	0.89
	Seligman Tax-Exempt-Minnesota/Seligman	11/83	13.3	7.7	92	85	4.75	0.89
	Seligman Tax-Exempt-National/Seligman	11/83	18.8	8.2	96	128	4.75	0.88
	Seligman Tax-Exempt-New York/Seligman	11/83	15.0	7.6	58	81	4.75	0.77
	Seligman Tax-Exempt-Ohio/Seligman	11/83	13.7	8.0	98	109	4.75	0.85
	Shearson California Municipals/Shearson	4/84	15.8	7.8	124	94	5.00	0.73
	Shearson Lehman-Tax Exempt Income/Shearson	9/85	—*	—*	338	—	5.00b	1.65‡
B	Shearson Managed Municipals/Shearson	3/81	18.0	8.2	543	70	5.00	0.66
	Shearson New York Municipals/Shearson	1/84	15.7	7.8	168	89	5.00	0.81
D	Sigma Tax-Free Bond Fund/Sigma	8/79	15.1	7.0	12	44	4.75	1.10‡
	State Bond Tax Exempt Fund/State Bond	5/84	13.9	7.8	19	186	4.50	1.00
	SteinRoe High Yield Muni/Stein Roe	3/84	16.9	8.2	129	105	none	0.81
	SteinRoe Intermediate Municipals/Stein Roe	10/85	—*	—*	59	—	none	2.38
A	SteinRoe Tax-Exempt Bond Fund/Stein Roe	2/77	16.0	7.3	414	38	none	0.65
B	Tax-Exempt Bond Fund of America/American Funds	10/79	17.2	7.3	220	60	4.75	0.67
	Tax-Free Trust of Arizona/Aquila	3/86	—*	—*	13	—	4.00	NA‡
	Thomson McKinnon Tax Exempt Fund/Thomson	11/85	—*	—*	44	—	5.00b	1.90‡
	Unified Municipal Fund-General/Unified	4/85	14.9	6.0	5	19	none	1.24‡
	Unified Municipal Fund-Indiana/Unified	4/85	15.9	6.0	8	116	none	1.18‡
B	United Muni Bond Fund/Waddell & Reed	11/76	19.9	7.5	372	36	4.00	0.65‡
	United Municipal High Income/Waddell & Reed	1/86	—*	—*	19	—	4.00	0.14‡
	USAA Tax Exempt-High Yield/USAA	3/82	15.2	8.6	657	89	none	0.50
	USAA Tax Exempt-Intermediate Term/USAA	3/82	11.6	8.2	219	79	none	0.57
	USAA Tax Exempt-Short Term/USAA	3/82	7.6	6.8	181	113	none	0.65
	Value Line Tax Exempt-High Yield/Value Line	3/84	9.2	9.2	156	133	none	0.66
	Van Kampen Merritt Cal Insured T-F/Van Kampen	12/85	—*	—*	6	—	4.90	1.01‡
	Van Kampen Merritt Insured Tax Free/Van Kampen	12/84	19.3	7.4	280	199	4.90	0.89
	Van Kampen Merritt T-F High Income/Van Kampen	6/85	19.6	7.2	112	721	4.90	1.13‡
	Vanguard California Insured Tax-Free/Vanguard	4/86	—*	—*	16	—	none	NA
B	Vanguard Muni Bond-High Yield/Vanguard	12/78	17.8	8.1	681	58	none	0.39
	Vanguard Muni Bond-Insured LT/Vanguard	9/84	17.0	7.8	615	115	none	0.36
D	Vanguard Muni Bond-Intermediate/Vanguard	9/77	13.6	7.6	680	80	none	0.39
C	Vanguard Muni Bond-Long-Term/Vanguard	9/77	16.8	7.9	561	36	none	0.39
D	Vanguard Muni Bond-Short-Term/Vanguard	9/77	6.5	5.9	848	70	none	0.39
	Vanguard New York Insured Tax-Free/Vanguard	4/86	—*	—*	10	—	none	NA
	Vanguard Pennsylvania Insured Tax-Free/Vanguard	4/86	—*	—*	45	—	none	NA
	Venture Muni (+) Plus/Venture	2/82	13.9	9.4	23	473	5.00r	1.50‡

Total return is for 9/30/76 to 6/30/86. For all categories other than money markets, funds are added to this section when they exceed $5 million in net assets and deleted when they drop below $2 million. Municipal bond funds graded on the five-year total return, 6/30/81 to 6/30/86. *Fund not in operation for full period. ‡Fund has 12b-1 plan (hidden load) pending or in force. b: Includes redemption fee that reverts to distributor. r: Includes redemption fee that reverts to fund. NA: Not applicable or not available.

Performance data: Lipper Analytical Services and CDA Investment Technologies, Inc.

Table of distributors, showing addresses and phone numbers, begins on page 186.

WE SEE EYE TO EYE WITH THE BEST IN YOUR INDUSTRY.

We're in the business of finding candidates on their way up. As a result, we know a lot of people already at the top. So if you're looking for high level talent, Management Recruiters is the best place to start.

But these days what's important is not just who you know, it's what you know. And our Account Executives know your industry. In many cases they worked in your industry before they came to work for us. They keep up with industry groups. They know how to pick out the top performers.

We've been there before. We know our way around. We can talk to anybody in business on their own level. Virtually all of the FORTUNE 500 companies come to Management Recruiters for our ability to find and recruit exceptional talent. And when we go to work for you, we'll see eye to eye with you, too.

MR MANAGEMENT RECRUITERS®
The search and recruiting specialists.
Over 300 offices nationwide.

Look in the White Pages for the Management Recruiters office nearest you.

Money market funds

Money market funds make short-term investments that generate income without variation in the amount of the principal. FORBES divides money market funds into three categories: those that invest primarily in U.S. Treasury and federal agency obligations *(table begins below)*, those without restrictions on investment, called general money market funds *(table begins on p. 174)*, and those that buy federally tax-exempt paper *(table begins on p. 182)*. In the money market tables we omit the usual column showing front-end sales load, since a load money fund is such a rarity. But the beast does exist; Cigna Money Market, for example, has a load of up to 5%. The more common situation is a sales cost buried in the expense budget under authority of a so-called 12b-1 plan. Our advice: Avoid any money market fund with a 12b-1 unless it has an unusually low expense ratio. Funds with 12b-1s are identified here with a double dagger (‡) next to the expense figure. For more information, call or write the distributor listed next to the fund's name. Distributor addresses and phone numbers are listed in the table beginning on page 186.

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends
	FORBES government money fund companies		**6.8%**
	FORBES general money fund composite		**7.0%**
	FORBES tax-free money fund composite		**4.6%**
	Money market funds specializing in US government paper		
68	**Active Assets Govt Secs Trust/Dean Witter**	7/81	6.9%
56	**Alliance Government Reserves/Alliance**	7/79	6.6
55	**Alex Brown Cash Reserve Govt/Brown & Sons**	4/82	6.9
53	**Capital Preservation Fund/Benham**	10/72	6.6
3	**Capital Preservation Fund II/Benham**	6/80	6.8
10	**Cardinal Government Securities Trust/Ohio Co**	9/80	7.1
40	**Carnegie Govt Secs Trust-Money Market/Carnegie**	4/80	6.9
19	**Cash Equivalent Fund-Govt/Kemper**	12/81	7.0
6	**Centennial Government Trust/Centennial**	11/81	6.7
62	**CMA Government Securities Fund/MLPF&S**	8/81	6.9
38	**Command Government Fund/Pru-Bache**	2/82	6.6
37	**Current Interest US Govt/Criterion**	9/82	6.7
59	**Daily Money Fund-US Treasury/Fidelity**	8/83	7.0
68	**DBL Cash Fund-Govt Secs/Drexel**	3/82	7.0
64	**Dean Witter/Sears US Gov MM Trust/Dean Witter**	2/82	6.7
36	**Delaware Treasury Reserves-Cashiers/Delaware**	4/82	6.6
79	**Dreyfus MM Instruments-Govt Sec/Dreyfus**	5/79	7.1
71	**Fidelity US Government Reserves/Fidelity**	11/81	7.1
46	**First Variable Rate Fund for Govt Income/Calvert**	12/76	6.9
1	**Franklin Federal Money Fund/Franklin**	5/80	6.4
30	**Fund for Govt Investors/Rushmore**	3/75	6.6

Funds are included in this section when they exceed $50 million in net assets and have a minimum initial investment less than $100,000. Fund must be open to individual investors. Funds are usually no-load. †Fund is offered as part of an integrated financial service account that has a minimum initial investment. ‡Fund has 12b-1 plan (hidden load) pending or in force.

Tables of distributors, showing addresses and phone numbers, begins on page 186.

Total assets 6/30/86 (millions)	% change '86 vs '85	Minimum initial investment	Annual expenses per $100
$183	1%	†	$0.71‡
254	13	$1,000	1.00‡
153	8	1,500	0.47‡
1,795	–4	1,000	0.68
469	–6	1,000	0.73
408	2	1,000	0.74
148	–13	1,000	0.68
621	29	1,000	0.62‡
79	46	500	0.93‡
1,942	5	†	0.48‡
113	11	†	0.78‡
90	33	1,000	0.89‡
138	7	1,000	0.59‡
257	34	1,000	0.69‡
468	14	1,000	0.97‡
55	6	1,000	0.90
989	–2	2,500	0.64
503	34	1,000	0.77
493	–20	2,000	0.89
151	11	500	0.97‡
725	–19	2,500	0.70

It remembers more numbers than you have friends.

What a memory. Toshiba's new full-feature phone can store up to 24 telephone numbers, and automatically dial them for you. It has some other unforgettable features, too. Like a 2-way speaker phone, automatic redial and a full year warranty. So remember to pick up this Toshiba. It won't forget who your friends are.

In Touch with Tomorrow
TOSHIBA
Toshiba America, Inc., 82 Totowa Road, Wayne, NJ 07470

Vanguard Municipal Bond Fund

6 WAYS TO FIGHT BACK AGAINST TAXES.

When Federal taxes make inroads on your income, municipal bonds can be your first line of defense. The income from these bonds is 100% free of Federal income tax.*

Vanguard Municipal Bond Fund is the only tax-free fund with six professionally managed Portfolios: Money Market, Short-Term, Intermediate-Term, Long-Term, Insured Long-Term and High-Yield. With a low $3,000 initial investment, all six Vanguard Portfolios offer you daily liquidity, free checkwriting for $250 or more, diversification of holdings and the opportunity to reinvest your income. And all are available commission-free.

Our "6-in-1" Information Kit explains:

- How Vanguard's low operating expenses enable you to earn higher yields.
- Which Portfolio offers the greatest stability, and which provides the highest level of tax-free income.
- How to write checks and earn tax-free income until your checks clear.

Call 1-800-662-SHIP

Ask for our free "6-in-1" Information Kit. Or send the coupon today.

In Philadelphia, visit our Investment Center at 1528 Walnut Street.

*Income may be subject to state and local taxes.

Vanguard Municipal Bond Fund
Investor Information Department
Valley Forge, Pennsylvania 19482

Please send me your free "6-in-1" Information Kit, including a prospectus which I may read before I invest or send money. I understand that it contains more complete information on advisory fees, distribution charges and other expenses. Also send information on ☐IRA ☐Keogh.

Name_____

Address_____

City_____

State_____ Zip_____

FB-G6-251

THE Vanguard GROUP OF INVESTMENT COMPANIES

1986 Fund Ratings

Money market funds

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Minimum initial investment	Annual expenses per $100
	FORBES government money fund companies		6.8%				
	FORBES general money fund composite		7.0%				
	FORBES tax-free money fund composite		4.6%				
Money market funds specializing in US government paper							
31	Government Investors Trust/GIT	7/79	6.8%	$220	–22%	$2,000	$0.97
16	Hilliard-Lyons Government Fund/Hilliard	1/81	6.3	95	–16	3,000	0.80
63	Hutton Government Fund/Hutton	6/82	6.8	1,061	3	10,000	0.89‡
17	Kemper Govt MM Fund/Kemper	11/81	6.7	95	5	1,000	0.88
40	Kidder Peabody Govt Money Fund/Kidder	5/83	6.9	186	36	1,500	0.64
8	Lazard Government Fund[1]/Lazard	10/81	7.1	510	11	2,500	0.51‡
40	Liberty US Govt Money Market Trust/Federated	6/80	6.6	1,929	–29	500	0.98‡
49	Mass Cash Management-Govt/Mass Financial	2/82	6.5	51	58	1,000	0.69
50	Merrill Lynch Government Fund/ML Boston	9/77	7.0	1,707	1	5,000	0.40‡
65	Merrill Lynch USA Govt Reserves/ML Funds	11/82	6.8	237	7	5,000	0.81‡
17	Midwest Income Trust-Short Term Govt/Leshner	12/74	6.5	139	–6	1,000	1.00‡
28	National Liquid Reserves-Government/Smith Barney	5/84	6.9	102	50	1,000	0.59
66	Neuberger & Berman Govt Money/Neuberger	11/83	6.4	107	214	2,000	0.75‡
70	Pacific Horizon-Government/Dreyfus	3/84	7.1	896	60	1,000	0.56‡
64	PaineWebber RMA US Govt/PaineWebber	10/82	6.6	205	15	†	0.85
13	Pinnacle Government Fund-Port I/Florida Mutual	10/80	6.9	73	868	1,000	1.03‡
46	T Rowe Price US Treasury Money Fund/Price	6/82	6.4	148	–10	1,000	1.04
37	Prudential-Bache Govt Secs-MM/Pru-Bache	1/82	6.7	338	27	1,000	0.73‡
35	Renaissance Assets Trust-Govt/First of Mich	7/82	7.2	96	52	1,000	0.60‡
7	Reserve Fund-Government/Resrv	10/81	6.9	350	36	1,000	0.95‡
50	Scudder Government Money Fund/Scudder	11/81	6.5	157	10	1,000	0.84
88	Shearson FMA Govt Fund/Shearson	2/82	6.9	380	36	†	0.64
93	Shearson Government & Agencies/Shearson	10/80	7.2	1,619	12	2,500	0.61
40	Short Term Income Fund-Government/Reich & Tang	11/82	6.7	206	28	5,000	0.75‡
59	Summit Cash Reserves Fund/ML Funds	12/82	7.1	615	24	5,000	0.79‡
42	Tucker Anthony Govt Secs Fund/Tucker Anthony	2/82	6.7	186	62	2,500	0.73
46	UMB Money Market-Federal/Jones & Babson	11/82	7.0	104	–11	1,000	0.51
80	United Services-US Treasury Secs/United Services	2/82	6.0	73	–30	500	1.17
36	Vanguard MM Reserves-Federal/Vanguard	7/81	7.0	514	4	1,000	0.51
45	Vantage Money Market-Government/Smith Barney	10/82	6.9	61	–2	†	0.60
General money market funds							
63	Active Assets Money Trust/Dean Witter	7/81	7.2	2,232	7	†	0.55‡
48	Alliance Capital Reserves/Alliance	7/78	6.9	1,196	37	1,000	1.01‡
23	American Capital Reserve Fund/American Cap	7/74	7.0	309	33	1,000	0.93
27	AMEV Money Fund/AMEV Investors	11/79	6.8	77	–4	1,000	0.92‡
32	Babson Money Market Fund-Prime/Jones & Babson	3/80	6.8	57	–1	1,000	0.89

Funds are included in this section when they exceed $50 million in net assets and have a minimum initial investment less than $100,000. Fund must be open to individual investors. Funds are usually no-load. †Fund is offered as part of an integrated financial service account that has a minimum initial investment. ‡Fund has 12b-1 plan (hidden load) pending or in force. [1]Formerly Lehman Government Fund.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Money market funds

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Minimum initial investment	Annual expenses per $100
	FORBES government money fund companies		6.8%				
	FORBES general money fund composite		7.0%				
	FORBES tax-free money fund composite		4.6%				
General money market funds							
31	**Birr, Wilson Money Fund/Birr, Wilson**	3/81	6.3%	$64	21%	$1,000	$1.35‡
54	**Boston Co Cash Mgmt Fund/Boston Co**	8/79	7.0	247	4	1,000	0.85‡
35	**Alex Brown Cash Reserve-Prime/Brown & Sons**	8/81	7.1	702	10	1,500	0.59‡
22	**Bull & Bear Dollar Reserves/Bull & Bear**	6/80	7.0	76	2	1,000	1.12‡
31	**Calvert Social Invest Fund-MM/Calvert**	11/82	6.9	54	20	1,000	0.83‡
13	**Capital Cash Management Trust/Aquila**	7/74	7.1	77	–19	1,000	0.71‡
39	**Cash Assets Trust/Aquila**	11/84	7.1	72	0	1,000	0.73‡
38	**Cash Equivalent Fund-MM/Kemper**	3/79	7.1	5,279	11	1,000	0.75‡
15	**Cash Management Trust of America/American Funds**	11/76	7.2	659	20	5,000	0.50
55	**Cash Reserve Management/Hutton**	1/77	7.2	4,039	–10	10,000	0.59‡
41	**CBA Money Fund/ML Funds**	6/84	7.3	134	NM	†	0.56‡
31	**Centennial Money Market Trust/Centennial**	11/81	6.7	171	16	1,000	1.05‡
20	**Churchill Cash Reserves Trust/Aquila**	7/85	—*	94	—	1,000	0.24‡
59	**Cigna Money Market Fund/Cigna**	1/75	6.9	180	–21	500	0.75‡
65	**CMA Money Fund/MLPF&S**	9/77	7.2	18,152	7	†	0.56‡
31	**Columbia Daily Income Company/Columbia**	11/74	6.8	433	–2	1,000	0.82‡
40	**Command Money Fund/Pru-Bache**	2/82	7.0	1,273	20	†	0.69‡
23	**Composite Cash Management/Murphey Favre**	11/79	6.7	128	–13	1,000	0.95‡
29	**Connecticut Mutual Liquid Account/Conn Mutual**	3/82	6.7	67	–16	1,000	1.00
41	**Cortland Trust-General Money Market/Cortland**	7/85	—*	301	219	1,000	0.98‡
40	**Current Interest-Money Market/Criterion**	6/74	6.8	929	10	1,000	0.97‡
33	**Daily Cash Accumulation Fund/Centennial**	7/78	7.0	2,522	19	500	0.80‡
39	**Daily Dollar Reserves/Reich & Tang**	6/83	7.0	239	52	5,000	0.82‡
45	**Daily Income Fund/Reich & Tang**	7/74	7.1	485	7	5,000	0.71‡
34	**Daily Money Fund-Money Market/Fidelity**	4/83	7.2	355	53	1,000	0.59‡
43	**DBL Cash Fund-Money Market/Drexel**	2/81	7.2	1,486	17	1,000	0.66‡
60	**Dean Witter/Sears Liquid Asset/Dean Witter**	9/75	7.3	6,708	3	5,000	0.63‡
33	**Delaware Cash Reserve/Delaware**	6/78	7.1	1,237	–13	1,000	0.81
53	**Dreyfus Liquid Assets/Dreyfus**	1/74	7.2	7,771	–6	2,500	0.66
62	**Dreyfus MM Instruments-Money Market/Dreyfus**	4/75	7.2	658	–14	50,000	0.64
31	**Eaton Vance Cash Mgmt Fund/Eaton Vance**	1/75	6.9	180	–7	1,000	0.72
49	**EGT Money Market Trust/Eppler Guerin**	4/81	6.7	61	–21	1,000	1.13
44	**Equitable MM Account-General Purpose/Bullock**	10/80	6.8	196	–18	1,000	0.99‡
54	**Fidelity Cash Reserves/Fidelity**	5/79	7.1	4,392	6	1,000	0.82
49	**Fidelity Daily Income Trust/Fidelity**	5/74	7.2	2,465	–2	10,000	0.63
29	**Fidelity Select-Money Market/Fidelity**	8/85	—*	230	—	1,000	NA
18	**Financial Daily Income Shares/Financial Prog**	3/76	6.9	199	–10	1,000	0.80

Funds are included in this section when they exceed $50 million in net assets and have a minimum initial investment less than $100,000. Fund must be open to individual investors. Funds are usually no-load. *Fund not in operation for full period. †Fund is offered as part of an integrated financial service account that has a minimum initial investment. ‡Fund has 12b-1 plan (hidden load) pending or in force. NA: Not applicable or not available. NM: Not meaningful.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Money market funds

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Minimum initial investment	Annual expenses per $100
	Forbes government money fund companies		6.8%				
	Forbes general money fund composite		7.0%				
	Forbes tax-free money fund composite		4.6%				
General money market funds							
27	First American Money Fund/Fidelity	4/82	7.4%	$59	–5%	$1,000	$0.54‡
26	First Investors Cash Mgmt Fund/First Investors	10/78	6.7	277	–23	1,000	0.95‡
33	First Lakeshore Money Market Fund/Dreyfus	2/86	—*	74	—	1,000	NA‡
29	Franklin Money Fund/Franklin	1/76	6.7	970	–3	500	0.96‡
97	General MM Fund/Dreyfus	2/82	6.9	543	26	2,500	0.98‡
51	Gradison Cash Reserves Trust/Gradison	5/76	7.0	418	–6	1,000	0.82‡
45	John Hancock Cash Management Trust/Hancock	10/79	6.8	322	–16	1,000	1.00‡
46	High Yield Cash Trust/Federated	6/82	7.8	136	160	25,000	NA
21	Wayne Hummer Money Fund Trust/Hummer	4/82	6.7	82	19	500	0.98
56	Hutton AMA Cash Fund/Hutton	3/82	7.2	2,013	7	†	0.61‡
54	Hutton Investment-Short Term Invest/Hutton	1/82	6.0	137	29	500	1.75‡
36	IDS Cash Management Fund/IDS	10/75	7.1	864	–4	2,000	0.67‡
44	Integrated Money Market Securities/Integrated	10/84	6.9	219	221	1,000	1.09‡
45	ED Jones Daily Passport Cash/Jones & Co	5/80	6.8	650	6	1,000	1.03
38	Kemper Money Market Fund/Kemper	11/74	7.4	4,694	–2	1,000	0.53
41	Keystone Liquid Trust/Keystone	7/75	6.7	332	54	1,000	1.00‡
37	Kidder Peabody Premium Account/Kidder	5/82	7.1	625	50	†	0.60
23	Lazard Cash Management Fund²/Lazard	1/81	7.1	736	–17	2,500	0.64‡
38	Legg Mason Cash Reserve Trust/Legg Mason	10/78	6.8	272	20	5,000	0.87
45	Lehman Management Cash Reserves Fund/Lehman	6/86	—*	276	–69	1,000	0.39
36	Lexington MM Trust/Lexington	7/78	7.2	220	2	1,000	0.88‡
24	Liquid Capital Income Trust/Carnegie	11/74	7.1	1,237	1	1,000	0.75
34	Liquid Green Trust/Unified	11/80	6.9	185	–3	1,000	0.87‡
28	Lord Abbett Cash Reserve Fund/Lord Abbett	7/79	6.8	194	8	1,000	0.89
46	Mass Financial Management-Prime/Mass Financial	12/75	7.0	615	–6	1,000	0.80
31	McDonald Money Market Fund/McDonald	5/81	6.7	154	–7	500	1.01‡
47	Merrill Lynch Institutional Fund/ML Boston	12/74	7.3	1,342	–7	25,000	0.40‡
69	Merrill Lynch Ready Assets Trust/ML Funds	2/75	7.2	11,886	–4	5,000	0.49‡
62	Merrill Lynch Retirement Reserves MM/ML Funds	4/82	6.9	2,549	32	none	1.00‡
46	Money Market Management/Federated	1/74	6.9	224	–12	1,000	0.89
39	Morgan Keegan Daily Cash Trust/Morgan Keegan	12/80	6.7	85	5	5,000	1.03
30	Mutual of Omaha Cash Reserve/Mutual of Omaha	3/81	6.7	57	8	none	1.09‡
32	Mutual of Omaha MM Account/Mutual of Omaha	7/79	6.9	240	–10	1,000	0.82
30	National Liquid Reserves-Cash/Smith Barney	8/74	7.1	1,251	–10	1,000	0.62
27	National Liquid Reserves-Retirement/Smith Barney	2/86	—*	260	—	none	NA
39	Nationwide Money Market Fund/Nationwide	3/80	7.0	429	–8	1,000	0.77
54	NEL Cash Management Trust-MM/NEL	7/78	7.0	733	–11	1,000	0.75

Funds are included in this section when they exceed $50 million in net assets and have a minimum initial investment less than $100,000. Fund must be open to individual investors. Funds are usually no-load. *Fund not in operation for full period. †Fund is offered as part of an integrated financial service account that has a minimum initial investment. ‡Fund has 12b-1 plan (hidden load) pending or in force. ²Formerly Lehman Cash Management Fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Money market funds

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Minimum initial investment	Annual expenses per $100
	Forbes government money fund composites		6.8%				
	Forbes general money fund composite		7.0%				
	Forbes tax-free money fund composite		4.6%				
General money market funds							
30	Oppenheimer Money Market Fund/Oppenheimer Inv	4/74	7.0%	$738	–19%	$1,000	$0.77
15	Oxford Cash Management Fund/Craigie	2/83	7.1	151	–9	1,000	0.59‡
19	Pacific Horizon-Money Market/Dreyfus	3/84	7.2	583	96	1,000	0.57‡
33	PaineWebber Cashfund/PaineWebber	5/78	7.1	4,168	2	5,000	0.57
36	PaineWebber RMA Money Market/PaineWebber	10/82	6.5	1,741	46	†	0.76
31	Parkway Cash Fund/Parkway	11/79	6.8	125	–67	1,000	1.00‡
40	T Rowe Price Prime Reserve Fund/Price	3/76	7.1	2,917	–7	1,000	0.65
33	Prime Cash Fund/Johnson	4/83	7.1	167	23	1,000	0.61‡
42	Prudential-Bache Moneymart Assets/Pru-Bache	6/76	7.1	4,051	22	1,000	0.62‡
45	Putnam Daily Dividend Trust/Putnam	9/76	7.0	277	2	1,000	0.85
42	Renaissance Assets Trust-M.M./First of Mich	7/82	7.3	217	59	1,000	0.63‡
21	Reserve Fund-Primary/Resrv	11/71	6.9	1,651	6	1,000	0.88‡
15	LF Rothschild Earnings & Liquidity/Rothschild	4/82	6.9	455	35	100	0.74
22	St Clair Money Market Fund/Fairfield	11/84	6.9	74	65	500	0.77
39	Scudder Cash Investment Trust/Scudder	7/76	7.1	1,104	7	1,000	0.68
19	Security Cash Fund/Security	10/80	6.9	55	17	1,000	1.00
28	Seligman Cash Management-Prime/Seligman	1/77	6.8	329	–4	2,000	0.91
40	Shearson Daily Dividend/Shearson	6/79	7.1	3,696	5	2,500	0.74
39	Shearson FMA Cash Fund/Shearson	2/82	7.1	1,412	26	†	0.65
36	Short Term Asset Reserves/Moseley	12/84	7.2	200	169	1,000	0.68‡
41	Short Term Income Fund-M.M./Reich & Tang	1/80	6.9	508	44	5,000	0.79‡
39	Standby Reserve Fund/Cowen	11/81	7.0	309	13	2,000	0.75
31	SteinRoe Cash Reserves/Stein Roe	10/76	7.0	790	4	2,500	0.72
31	Transamerica Cash Reserve/Transamerica	8/80	7.3	317	33	500	0.55
26	Trinity Liquid Assets Trust/Russell	1/83	7.2	364	32	1,000	0.57‡
41	Trust for Cash Reserves/Milwaukee Co	2/80	6.8	188	25	1,000	1.05
41	Tucker Anthony Cash Mgmt Fund/Tucker Anthony	4/81	6.8	520	11	2,500	0.84
79	20th Century Cash Reserve/20th Century	3/85	6.8	71	492	none	1.01
35	UMB Money Market-Prime/Jones & Babson	11/82	7.1	61	–23	1,000	0.51
69	United Cash Management/Waddell & Reed	8/79	7.1	284	–12	1,000	1.07‡
47	USAA Mutual-M.M. Fund/USAA	2/81	7.0	275	6	1,000	0.94
68	Value Line Cash Fund/Value Line	4/79	7.2	452	–1	1,000	0.79
20	Vanguard M.M. Reserves-Insured/Vanguard	2/83	6.6	52	–2	1,000	0.96
38	Vanguard M.M. Reserves-Prime/Vanguard	6/75	7.2	1,969	19	1,000	0.51
30	Vantage Money Market-Cash/Smith Barney	10/82	7.1	355	22	†	0.60
37	Webster Cash Reserve/Kidder	8/79	7.0	1,550	13	1,500	0.66
58	Working Assets Money Fund/Working Assets	8/83	6.7	85	36	1,000	1.08‡

Funds are included in this section when they exceed $50 million in net assets and have a minimum initial investment less than $100,000. Fund must be open to individual investors. Funds are usually no-load. †Fund is offered as part of an integrated financial service account that has a minimum initial investment. ‡Fund has 12b-1 plan (hidden load) pending or in force.

Table of distributors, showing addresses and phone numbers, begins on page 186.

1986 Fund Ratings

Money market funds

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends
	Forbes government money fund composites		6.8%
	Forbes general money fund composite		7.0%
	Forbes tax-free money fund composite		4.6%

Tax-exempt money market funds

14	Active Assets Tax-Free Trust/Dean Witter	7/81	4.6%
90	Alliance Tax-Exempt Reserves/Alliance	1/83	4.7
8	Benham Calif Tax-Free Trust-M.M./Benham	11/83	4.3
55	Boston Co Massachusetts Tax Free/Boston Co	7/83	4.7
81	Calvert Tax-Free Reserves-M.M./Calvert	4/81	4.4
40	Cardinal Tax Exempt Money Trust/Ohio Co	9/83	4.6
18	Carnegie Tax Free Income Trust/Carnegie	8/82	4.6
50	Centennial Tax Exempt Trust/Centennial	9/81	4.5
38	CMA Tax-Exempt Fund/MLPF&S	1/81	4.6
75	Command Tax-Free Fund/Pru-Bache	2/82	4.9
43	Connecticut Daily Tax Free Income/Reich & Tang	5/85	4.4
71	Cortland Trust-Tax-Free Money Market/Cortland	6/85	4.1
34	Current Interest-Tax Free/Criterion	5/83	4.4
55	Daily Tax Free Income Fund/Reich & Tang	11/82	4.7
42	DBL Tax-Free Fund-Money Market/Drexel	4/83	4.7
12	Dean Witter/Sears Tax-Free Daily Income/Dean Witter	2/81	4.8
52	Delaware Tax-Free Money Fund/Delaware	9/81	4.4
56	Dreyfus Calif Tax Exempt Money Market/Dreyfus	1/86	—*
65	Dreyfus General Tax Exempt Money Market/Dreyfus	12/83	4.8
67	Dreyfus Tax Exempt M.M. Fund/Dreyfus	8/80	4.7
26	Eaton Vance Tax-Free Reserves/Eaton Vance	12/82	4.8
102	Empire Tax Free Money Market/Reich & Tang	5/84	4.4
54	Federated Tax-Free Trust/Federated	3/79	4.6
37	Fidelity Calif Tax-Fre. Money Market/Fidelity	7/84	4.7
29	Fidelity Mass Tax-Free-Money Market/Fidelity	11/83	4.7
88	Fidelity NY Tax-Free-Money Market[1]/Fidelity	7/84	4.6
69	Fidelity Tax-Exempt M.M. Trust/Fidelity	1/80	4.9
45	First Lakeshore Tax Exempt Money Market/Dreyfus	2/86	—*
27	Franklin Calif Tax-Exempt Money Fund/Franklin	9/85	—*
69	Franklin Tax-Exempt Money Fund/Franklin	2/82	4.8
82	IDS Tax-Free Money Fund/IDS	8/80	4.5
55	Kidder Peabody Tax Exempt M.M./Kidder	7/83	4.7
37	Lazard Tax-Free Reserves-Money Market[4]/Lazard	10/82	4.8
29	Legg Mason Tax Exempt Trust/Legg Mason	7/83	4.4
75	Lehman Management Tax-Free Reserves Fund/Lehman	1/86	—*

Funds are included in this section when they exceed $50 million in net assets and have a minimum initial investment less than $100,000. Fund must be open to individual investors. Funds are usually no load. *Fund not in operation for full period. †Fund is offered as part of an integrated financial service account that has a minimum initial investment. ‡Fund has 12b-1 plan (hidden load) pending or in force. [1]Formerly Fidelity NY Tax-Free Short Term. [4]Formerly Lehman Tax-Free Money Market Fund. NA: Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Minimum initial investment	Annual expenses per $100
$953	49%	†	$0.62‡
779	155	$1,000	0.83‡
164	81	1,000	0.96
111	13	1,000	0.55‡
503	77	2,000	0.71
62	69	1,000	0.78‡
331	164	1,000	0.69
468	256	500	0.83‡
7,317	55	†	0.56‡
545	55	†	0.75‡
156	623	5,000	0.56‡
53	37	1,000	1.03‡
107	69	1,000	0.84‡
1,187	29	5,000	0.72‡
557	84	1,000	0.70‡
962	72	5,000	0.68‡
71	35	5,000	0.79
83	—	2,500	NA
572	156	2,500	0.62‡
2,560	12	5,000	0.56
57	20	1,000	0.60
162	318	5,000	0.73‡
3,818	11	25,000	0.45
165	531	2,500	0.60
327	192	2,500	0.64
228	316	2,500	0.60
3,873	10	5,000	0.35
141	—	1,000	NA‡
141	—	500	NA
132	56	500	0.80‡
99	41	2,000	0.69‡
911	90	1,500	0.58
474	22	2,500	0.64‡
95	97	5,000	0.75‡
117	—	1,000	0.41

First Choice of CEO's.

It makes sense. Good business sense. The Lancaster is right in the heart of the financial and theatre district . . . with the kind of personal service, warmth and charm that only a 93-room hotel can provide. Complimentary limousine throughout downtown, but you can walk to Texas Commerce Tower, Pennzoil Place, RepublicBank Center, Shell Plaza. Plus full health club facilities, mobile phones, in-room computers. And, most of all, a staff dedicated to your personal service. So you can keep your mind on business.

THE LANCASTER®

701 Texas Avenue • Houston, Texas 77002 • 713/228-9500
Outside Texas 1-800-231-0336 • Telex 790-506

Member Small Luxury Hotels . . . A Lancaster Group Hotel

A prudent equity strategy from Vanguard

WINDSOR II: VALUE INVESTING FOR GROWTH OF CAPITAL AND INCOME.

For investors looking for long-term growth of capital and income, Vanguard offers *Windsor II.*

Seeking reduced risk, the Fund invests primarily in stocks with price-to-earnings ratios lower than the market and dividend yields higher than the market. This value investing approach has been time-tested in bull and bear markets alike.

The investment adviser to Windsor II is Barrow, Hanley, Mewhinney & Strauss, Inc. We selected this independent firm for its consistent low P-E/high-yield philosophy and solid long-term performance record.

You can become a shareholder in Windsor II with just $1,500 ($500 for retirement plans). With Vanguard, your investments are commission-free.

Call 1-800-662-SHIP
24 Hours, 7 Days

Ask for our free Windsor II Information Kit. Or send the coupon below.

Vanguard's Windsor II
Investor Information Dept. 73
Valley Forge, Pennsylvania 19482

Please send me your free Windsor II Information Kit, including a prospectus which I may read before I invest or send money. I understand that it contains complete information on advisory fees, distribution charges and other expenses. Also send information on ☐ IRA (71) ☐ Keogh/Pension (70).

Name _____
Address _____
City _____
State _____ Zip _____

FB-56-251

THE Vanguard GROUP OF INVESTMENT COMPANIES

1986 Fund Ratings

Money market funds

Portfolio average maturity days	Fund/distributor	Date started	Latest 12 months return from income dividends	Total assets 6/30/86 (millions)	Total assets % change '86 vs '85	Minimum initial investment	Annual expenses per $100
	Forbes government money fund companies		6.8%				
	Forbes general money fund composite		7.0%				
	Forbes tax-free money fund composite		4.6%				
Tax-exempt money market funds							
86	Lexington Tax Free Money Fund/Lexington	10/77	4.8%	$130	73%	$1,000	$0.73‡
64	McDonald Tax Exempt Money Market/McDonald	8/85	—*	98	—	500	0.80‡
65	Midwest Group Tax Free-MM/Leshner	9/81	5.1	137	150	2,500	0.95‡
95	Money Management Plus-Tax Free/Calvert	10/84	4.9	94	193	2,000	0.72‡
37	Municipal Cash Reserve Management/Hutton	5/81	4.9	2,203	42	[illegible],000	0.49‡
43	Neuberger & Berman Tax-Free Money/Neuberger	12/84	4.7	162	85	2,000	0.59‡
12	Nuveen California Tax-Free-Money Market/Nuveen	4/86	—*	81	—	5,000	NA‡
37	Nuveen Tax-Exempt MM Fund/Nuveen	4/81	4.9	2,324	19	25,000	0.40
29	Nuveen Tax-Free Reserves/Nuveen	11/82	4.7	246	95	1,000	0.75‡
58	AT Ohio Tax-Free Money Fund/Federated	7/85	—*	166	—	none	0.47
33	Pacific Horizon-Tax-Exempt Money Market/Dreyfus	3/84	4.3	58	–19	1,000	0.79‡
28	Paine Webber RMA Tax-Free/PaineWebber	10/82	4.5	885	83	†	0.63
71	Park Ave NY Tax Exempt Money Market Fund/Dreyfus	11/84	4.4	205	118	2,500	0.84‡
85	T Rowe Price Tax-Exempt Money Fund/Price	4/81	4.7	1,162	11	1,000	0.61
94	Prudential-Bache Muni-NY Money Market/Pru-Bache	4/85	4.8	99	843	1,000	0.45‡
79	Prudential-Bache Tax-Free Money Fund/Pru-Bache	8/79	4.8	709	109	1,000	0.79‡
69	Reserve New York Tax-Exempt-NY/Resrv	11/83	4.1	82	23	1,000	1.00‡
60	Reserve Tax-Exempt Trust-Connecticut/Resrv	4/85	4.7	203	367	1,000	0.70‡
65	Reserve Tax-Exempt-Trust-Interstate/Resrv	11/83	4.5	247	31	1,000	1.00‡
10	LF Rothschild Exempt Fund/Rothschild	11/83	4.7	132	55	100	0.78
62	St Clair Tax-Free Money Market Fund/Fairfield	9/85	—*	82	—	500	0.36
32	Scudder Tax-Free Money Fund/Scudder	1/80	4.5	324	26	1,000	0.63
22	Shearson California Daily Tax-Free/Shearson	11/85	—*	108	—	2,500	NA
47	Shearson Daily Tax-Free Dividend/Shearson	10/82	4.6	699	55	2,500	0.65
39	Shearson FMA Municipal Fund/Shearson	3/82	4.5	890	65	†	0.63
77	Shearson NY Daily Tax-Free Fund/Shearson	11/85	—*	106	—	2,500	NA
29	SteinRoe Tax-Exempt Money Fund/Stein Roe	3/83	4.3	209	37	2,500	0.72
42	Tax-Exempt MM Fund/Kemper	7/82	4.7	1,362	129	1,000	0.63‡
26	Tax-Free Accounts/Nuveen	12/83	4.7	253	52	none	0.55‡
34	Tax-Free Cash Reserve-General/Brown & Sons	3/83	4.8	270	299	10,000	0.48‡
52	Tax-Free Instruments Trust/Federated	12/82	4.5	1,257	41	500	0.55‡
50	Tax Free Money Fund/Smith Barney	4/81	4.7	866	69	5,000	0.56
55	Tucker Anthony Tax-Exempt Money/Tucker Anthony	12/82	4.7	159	74	2,500	0.47
57	UMB Tax-Free MM Fund/Jones & Babson	12/82	4.8	60	72	1,000	0.53
43	USAA Tax Exempt Fund-Money Market/USAA	2/84	5.2	218	353	10,000	0.59
73	Vanguard Muni Bond-MM/Vanguard	5/80	4.9	1,038	67	3,000	0.39

Funds are included in this section when they exceed $50 million in net assets and have a minimum initial investment less than $100,000. Fund must be open to individual investors. Funds are usually no-load. *Fund not in operation for full period. †Fund is offered as part of an integrated financial service account that has a minimum initial investment. ‡Fund has 12b-1 plan (hidden load) pending or in force. NA Not applicable or not available.

Table of distributors, showing addresses and phone numbers, begins on page 186.

Closed-end funds

Closed-end funds aren't exactly distributed, since they don't issue new shares to new investors. Instead, old shares are bought like other stocks. And some can be bought at a discount to the net asset value behind them. The list below covers stock and balanced closed-ends only.

Fund	% premium (+) or discount (–)	Fund	% premium (+) or discount (–)	Fund	% premium (+) or discount (–)
Adams Express Co.	–13.5%	Emerging Medical Technology	–3.1%	Mexico Fund	–25.7%
American Capital Convertible Secs[1]	–1.4	Engex	–23.3	Petroleum & Resources Corp	+5.4
ASA Limited	–30.3	First Australia Fund[1]	–16.5	Pilgrim Regional Bankshares	0.0
Baker, Fentress & Co	–15.7	First Financial Fund	–3.8	Scandinavia Fund	–9.1
Bancroft Convertible Fund[1]	–1.4	General American Investors	–13.5	Source Capital	+7.0
Central Securities	–11.5	Growth Stock Outlook Trust	+0.7	Spectra Fund	–48.7
Castle Convertible Fund[1]	+3.6	Italy Fund	–8.1	Tri-Continental Corp	–11.7
CL Assets	–22.6	Japan Fund	–18.7	Z-Seven Fund	+27.2
Claremont Capital	–5.9	Korea Fund	+49.4		
Ellsworth Conv Growth & Income	+4.8	Lehman Corp	–10.9		

[1]Balanced funds

Fund distributors

Fund distributors market shares and provide prospectuses. Funds that don't have separate distributors are listed here under the name of the fund itself. The "exchange privilege" refers to a provision for switching to other funds—which in some cases are too small to be listed here.

Fund distributor	Type of fund
Acorn Fund 2 North LaSalle Street Chicago, IL 60602 312-621-0630* (local) Exchange privilege: Yes	
Acorn Fund	stock
Advest Group 280 Trumbull Street Hartford, CT 06103 203-525-1421 (local) 800-243-8115 (out of state) Exchange privilege: No	
Advantage Government Securities Fund	bond & preferred
Advantage Growth Fund	stock
Advantage Income Fund	balanced
AFA Distributors 50 Broad Street New York, NY 10004 [illegible] 482-8100* (local) Exchange privilege: Yes	
National Aviation & Technology	stock
National Telecommunications & Technology	stock
Afuture Fund Legal Arts Building Front & Lemon Streets Media, PA 19063 215-565-3131* (local) 800-523-7594 (out of state) Exchange privilege: No	
Afuture Fund	stock

Fund distributor	Type of fund
AIM Distributors 11 Greenway Plaza Suite 1919 Houston, TX 77046 800-392-9681 (local) 800-231-0803 (out of state) Exchange privilege: Yes	
Associated Planners Stock Fund	stock
Charter Fund	stock
Constellation Growth Fund	stock
Convertible Yield Securities	balanced
Greenway Fund	stock
High Yield Securities	bond & preferred
Summit Investor's	stock
Weingarten Equity Fund	stock
Alliance Fund Distributors 140 Broadway New York, NY 10005 212-902-4135 (local) 800-221-5672 (all states) Exchange privilege: Yes	
Alliance Bond Fund-High Grade	bond & preferred
Alliance Bond Fund-High Yield	bond & preferred
Alliance Bond Fund-US Government	bond & preferred
Alliance Capital Reserves	money market
Alliance Convertible Fund	stock
Alliance Counterpoint Fund	stock
Alliance Government Reserves	money market
Alliance International Fund	foreign
Alliance Mortgage Secs Income Fund	bond & preferred
Alliance Tax-Exempt Reserves	money market
Alliance Technology Fund	stock
Chemical Fund	stock
deVegh Mutual Fund	stock
Newwirth Fund	stock
Pine Street Fund	stock
Quasar Associates	stock
Surveyor Fund	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
AMA Advisors PO Box 1111 Blue Bell, PA 19422 215-825-0400* (local) 800-523-0864 (out of state) Exchange privilege: Yes	
Medical Technology Fund	stock
AMA Growth Fund	stock
AMA Income Fund	bond & preferred
American Capital Marketing 2800 Post Oak Boulevard Houston, TX 77056 713-993-0500* (local) 800-231-3638 (out of state) Exchange privilege: Yes	
American Capital California Tax-Exempt	municipal bond
American Capital Comstock Fund	stock
American Capital Corp Bond Fund	bond & preferred
American Capital Enterprise Fund	stock
American Capital Federal Mortgage Trust	bond & preferred
American Capital Government Secs	bond & preferred
American Capital Harbor Fund	balanced
American Capital High Yield Investment	bond & preferred
American Capital Muni Bond Fund	municipal bond
American Capital OTC Secs	stock
American Capital Pace Fund	stock
American Capital Reserve Fund	money market
American Capital Tax-Exempt-High Yield	municipal bond
American Capital Tax-Exempt-Insured	municipal bond
American Capital Tax-Exempt-New York	municipal bond
American Capital Venture Fund	stock
Fund of America	stock
Provident Fund for Income	balanced
American Funds Distributors 333 South Hope Street Los Angeles, CA 90071 213-486-9200 (local) 800-421-9900 (out of state) Exchange privilege: Yes	
AMCAP Fund	stock
American Balanced Fund	balanced
American Funds Income-US Govt Guaranteed	bond & preferred
American Mutual Fund	stock
Bond Fund of America	bond & preferred
Cash Management Trust of America	money market
EuroPacific Growth Fund	foreign
Fundamental Investors	stock
Growth Fund of America	stock
Income Fund of America	balanced
Investment Company of America	stock
New Economy Fund	stock
New Perspective Fund	stock
Tax-Exempt Bond Fund of America	municipal bond
Washington Mutual Investors Fund	stock
American Growth Fund Sponsors 410 17th Street Suite 800 Denver, CO 80202 303-623-6137* (local) 800-525-2406 (out of state) Exchange privilege: Yes	
American Growth Fund	stock
American Investment Managers 107 North Adams Street Rockville, MD 20850 301-251-1002* (local) 800-638-2042 (out of state) Exchange privilege: Yes	
Dividend/Growth-Dividend Series	stock

Fund distributor	Type of fund
American Investors PO Box 2500 Greenwich, CT 06836 203-531-5000 (local) 800-243-5353 (out of state) Exchange privilege: Yes	
American Investors Fund	stock
American Investors Income Fund	bond & preferred
American Pension Investors PO Box 2529 Lynchburg, VA 24501 800-533-4115 (local) 800-544-6060 (out of state) Exchange privilege: No	
American Pension Investors Trust	stock
AMEV Investors PO Box 64284 St Paul, MN 55164 800-328-1001 (local) 800-872-2638 (out of state) Exchange privilege: Yes	
AMEV Capital Fund	stock
AMEV Fiduciary Fund	stock
AMEV Growth Fund	stock
AMEV Money Fund	money market
AMEV US Govt Secs Fund	bond & preferred
Analytic Optioned Equity Fund 2222 Martin Street Suite 230 Irvine, CA 92715 714-833-0294* (local) Exchange privilege: No	
Analytic Optioned Equity Fund	stock
Angeles/Quinoco Securities 10801 West Pico Boulevard Los Angeles, CA 90064 213-277-4900 (local) 800-421-4374 (out of state) Exchange privilege: No	
FPA Capital Fund	stock
FPA New Income Fund	bond & preferred
FPA Paramount Fund	stock
FPA Perennial Fund	stock
Aquila Distributors 200 Park Avenue Suite 4515 New York, NY 10017 212-697-6666 (local) 800-228-4227 (out of state) Exchange privilege: Yes	
Capital Cash Management Trust	money market
Cash Assets Trust	money market
Churchill Cash Reserves Trust	money market
Hawaiian Tax-Free Trust	municipal bond
Tax-Free Trust of Arizona	municipal bond
Armstrong Associates 311 North Market Street Dallas, TX 75202 214-744-5558 (local) Exchange privilege: No	
Armstrong Associates	stock

*Will accept collect calls

1986 Fund Ratings

Fund distributor	Type of fund
Axe-Houghton Securities 400 Benedict Avenue Tarrytown, NY 10591 914-631-8131* (local) 800-431-1030 (out of state) Exchange privilege: Yes	
Axe-Houghton Fund B	balanced
Axe-Houghton Income Fund	bond & preferred
Axe-Houghton Stock Fund	stock
Bailard, Biehl & Kaiser International Fund 951 Mariner's Island Boulevard Suite 700 San Mateo, CA 94404 415-571-5800 (local) Exchange privilege: No	
Bailard, Biehl & Kaiser International	foreign
Bartlett Capital Trust 36 East Fourth Street Cincinnati, OH 45202 513-621-0066 (local) 800-543-0863 (out of state) Exchange privilege: Yes	
Bartlett Capital Trust-Basic Value	stock
Bartlett Capital Trust-Fixed Income	bond & preferred
Beacon Hill Mutual Fund 75 Federal Street Boston, MA 02110 617-482-0795 (local) Exchange privilege: No	
Beacon Hill Mutual Fund	stock
Benham Capital Management 755 Page Mill Road Palo Alto, CA 94304 415-858-2400 (local) 800-472-3389 (out of state) Exchange privilege: Yes	
Benham Calif Tax-Free Trust-Intermediate	municipal bond
Benham Calif Tax-Free Trust-Long-Term	municipal bond
Benham Calif Tax-Free Trust-MM	money market
Benham Government Income Trust-GNMA	bond & preferred
Benham National Tax-Free-Intermediate	municipal bond
Benham National Tax-Free-Long-Term	municipal bond
Benham Target Maturities Trust-1990	bond & preferred
Capital Preservation Fund	money market
Capital Preservation Fund II	money market
Capital Preservation Treasury Note	bond & preferred
Berger Associates 899 Logan Street Suite 211 Denver, CO 80203 303-837-1020 (local) Exchange privilege: Yes	
One ..undred Fund	stock
Birr, Wilson & Co 155 Sansome Street San Francisco, CA 94104 415-983-7700 (local) Exchange privilege: No	
Birr, Wilson Money Fund	money market

Fund distributor	Type of fund
Boston Co Funds Distributor One Boston Place Boston, MA 02108 617-956-9740* (local) 800-343-6324 (out of state) Exchange privilege: Yes	
Boston Co Capital Appreciation Fund	stock
Boston Co Cash Mgmt Fund	money market
Boston Co GNMA Fund	bond & preferred
Boston Co Managed Income Fund	bond & preferred
Boston Co Massachusetts Tax-Free	money market
Boston Co Special Growth	stock
Boston Co Tax-Free Muni-Bond Fund	municipal bond
Boston Co Tax-Free Muni-Mass Bond Fund	municipal bond
Boston Mutual Sales Corp 120 Royall Street Canton, MA 02021 617-828-7000 (local) Exchange privilege: No	
Boston Mutual Fund	stock
Brandywine Fund PO Box 4166 Greenville, DE 19807 302-656-3017 (local) Exchange privilege: No	
Brandywine Fund	stock
Bridges Investment Fund 256 Durham Plaza 8401 West Dodge Road Omaha, NE 68114 402-397-4700 (local) Exchange privilege: No	
Bridges Investment Fund	stock
Alex Brown & Sons 135 East Baltimore Street Baltimore, MD 21202 301-727-1700 (local) 800-638-2596 (out of state) Exchange privilege: Yes	
Alex Brown Cash Reserve-Govt	money market
Alex Brown Cash Reserve-Prime	money market
Tax-Free Cash Reserve-General	money market
Bull & Bear Group 11 Hanover Square New York, NY 10005 212-363-1100 (local) 800-847-4200 (out of state) Exchange privilege: Yes	
Bull & Bear Capital Growth Fund	stock
Bull & Bear Dollar Reserves	money market
Bull & Bear Equity-Income Fund	stock
Bull & Bear High Yield Fund	bond & preferred
Bull & Bear Tax-Free Income Fund	municipal bond
Bull & Bear US Govt Guaranteed Secs Fund	bond & preferred
Golconda Investors	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Calvin Bullock 40 Rector Street New York, NY 10006 212-513-4200 (local) 800-221-5757 (out of state) Exchange privilege: Yes	
Bullock Aggressive Growth Shares	stock
Bullock Balanced Shares	balanced
Bullock Dividend Shares	stock
Bullock Growth Shares	stock
Bullock High Income Shares	bond & preferred
Bullock Insured Calif Tax-Exempt Shares	municipal bond
Bullock Monthly Income Shares	bond & preferred
Bullock Tax-Free Shares	municipal bond
Bullock US Government Income Shares	bond & preferred
Canadian Fund	foreign
Equitable MM Account-General Purpose	money market
Calvert Group 1700 Pennsylvania Avenue NW Washington, DC 20006 301-951-4820* (local) 800-368-2747 (out of state) Exchange privilege: Yes	
Calvert Fund-Equity	stock
Calvert Fund-Income	bond & preferred
Calvert Fund-Washington Area Growth	stock
Calvert Social Investment-Managed Growth	balanced
Calvert Social Investment-MM	money market
Calvert Tax-Free Reserves-Limited	municipal bond
Calvert Tax-Free Reserves-Long-Term	municipal bond
Calvert Tax-Free Reserves-MM	money market
First Variable Rate Fund for Govt Income	money market
Money Management Plus-Tax Free	money market
Carnegie Fund Distributors 1331 Euclid Avenue Cleveland, OH 44115 216-781-4440* (local) 800-321-2322 (out of state) Exchange privilege: Yes	
Carnegie-Cappiello Trust-Growth	stock
Carnegie-Cappiello Trust-Total Return	stock
Carnegie Govt Secs Trust-High Yield Govt	bond & preferred
Carnegie Govt Secs Trust-Money Market	money market
Carnegie Tax Free Income Trust	money market
Liquid Capital Income Trust	money market
Centennial Capital Corp 3410 South Galena Street Denver, CO 80231 303-671-3200 (local) 800-525-9310 (out of state) Exchange privilege: Yes	
Centennial Government Trust	money market
Centennial Money Market Trust	money market
Centennial Tax Exempt Trust	money market
Daily Cash Accumulation Fund	money market
Century Shares Trust 1 Liberty Square Boston, MA 02109 617-482-3060* (local) 800-321-1928 (out of state) Exchange privilege: No	
Century Shares Trust	stock

Fund distributor	Type of fund
Cigna Securities Hartford, CT 06152 203-726-6000 (local) 800-562-4462 (all states) Exchange privilege: Yes	
Cigna Aggressive Growth Fund	stock
Cigna Growth Fund	stock
Cigna High Yield Fund	bond & preferred
Cigna Income Fund	bond & preferred
Cigna Money Market Fund	money market
Cigna Municipal Bond Fund	municipal bond
Cigna Value Fund	stock
Colonial Investment Services One Financial Center Boston, MA 02111 617-426-3750 (local) 800-225-2365 (out of state) Exchange privilege: Yes	
Colonial Advanced Strategies Gold Trust	balanced
Colonial Equity Income Trust	stock
Colonial Fund	balanced
Colonial Government Mortgage Trust	bond & preferred
Colonial Government Securities Plus	bond & preferred
Colonial Growth Shares	stock
Colonial High Yield Securities	bond & preferred
Colonial Income Fund	bond & preferred
Colonial Option Income-Portfolio I	stock
Colonial Option Income-Portfolio II	stock
Colonial Tax-Exempt High Yield Trust	municipal bond
Colonial Tax-Exempt Insured Fund	municipal bond
Columbia Funds Management Co 1301 SW Fifth Avenue PO Box 1350 Portland, OR 97207-1350 503-222-3600* (local) 800-547-1037 (out of state) Exchange privilege: Yes	
Columbia Daily Income Company	money market
Columbia Fixed Income Secs Fund	bond & preferred
Columbia Growth Fund	stock
Columbia Municipal Bond Fund	municipal bond
Columbia Special Fund	stock
Commodore Securities 250 Piedmont Avenue Suite 1900 Atlanta, GA 30365 404-524-4415 (local) 800-367-6536 (out of state) Exchange privilege: Yes	
Alpha Fund	stock
Connecticut Mutual Financial Services 140 Garden Street Hartford, CT 06154 203-727-6850* (local) 800-243-0064 (out of state) Exchange privilege: No	
Connecticut Mutual-Government Secs	bond & preferred
Connecticut Mutual-Growth	stock
Connecticut Mutual-Income	balanced
Connecticut Mutual-Liquid Account	money market
Connecticut Mutual-Total Return	stock

*Will accept collect calls.

1986 Fund Ratings

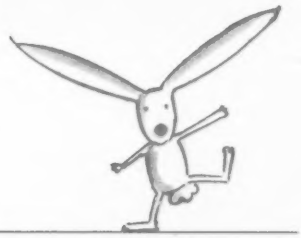
Fund distributor	Type of fund
Conway, Luongo, Williams 3000 Sand Hill Road Building 4 – Suite 155 Menlo Park, CA 94025 415-854-9150 (local) Exchange privilege: No	
Adam Investors	stock
Copley Financial Services Corp PO Box 66 Fall River, MA 02724 617-674-8459 (local) Exchange privilege: No	
Copley Tax Managed Fund	stock
Cortland Distributors 315 State Street Hackensack, NJ 07601 201-342-6066 (local) 800-524-1566 (out of state) Exchange privilege: Yes	
Cortland Trust-General Money Market	money market
Cortland Trust-Tax-Free Money Market	money market
Country Capital Management Co PO Box 2222 Bloomington, IL 61701 309-557-2444 (local) Exchange privilege: Yes	
Country Capital Growth Fund	stock
Country Capital Income Fund	balanced
Country Capital Tax Exempt Bond	municipal bond
Cowen & Co One Battery Park Plaza New York, NY 10004 212-483-0700 (local) 800-221-5616 (out of state) Exchange privilege: No	
Standby Reserve Fund	money market
Craig-Hallum 701 Fourth Avenue South-10th Floor Minneapolis, MN 55415-1655 612-332-1212 (local) Exchange privilege: No	
General Securities	stock
Craigie 200 Park Avenue Suite 4515 New York, NY 10017 212-697-6666 (local) 800-228-4227 (out of state) Exchange privilege: No	
Oxford Cash Management Fund	money market
Criterion Distributors 333 Clay Street Suite 4300 Houston, TX 77002 800-392-7802 (local) 800-231-4645 (out of state) Exchange privilege: Yes	
Commerce Income Shares	balanced
Criterion Bond-Investment Quality	bond & preferred
Criterion Bond-US Govt High Yield	bond & preferred
Current Interest-MM	money market
Current Interest-Tax Free	money market
Current Interest-US Govt	money market
Insured Quality Tax Free Bond	municipal bond
Lowry Market Timing Fund	stock
Pilot Fund	stock
Sunbelt Growth Fund	stock
Dean Witter Reynolds 1 World Trade Center–59th Floor New York, NY 10048 212-938-4554* (local) 800-221-2685 (out of state) Exchange privilege: Yes	
Active Assets Govt Secs Trust	money market
Active Assets Money Trust	money market
Active Assets Tax-Free Trust	money market
Dean Witter California Tax-Free Income	municipal bond
Dean Witter Convertible Securities	stock
Dean Witter Developing Growth Secs	stock
Dean Witter Dividend Growth Secs	stock
Dean Witter High Yield Secs	bond & preferred
Dean Witter Industry-Valued Securities	stock
Dean Witter Natural Resource Development	stock
Dean Witter NY Tax-Free Income Fund	municipal bond
Dean Witter Option Income Trust	stock
Dean Witter/Sears Liquid Asset	money market
Dean Witter/Sears Tax-Free Daily Income	money market
Dean Witter/Sears US Govt MM Trust	money market
Dean Witter Tax-Exempt Secs	municipal bond
Dean Witter US Govt Secs Trust	bond & preferred
Dean Witter World Wide Investment Trust	foreign
Delaware Distributors 10 Penn Center Plaza Philadelphia, PA 19103 215-988-1333* (local) 800-523-4640 (out of state) Exchange privilege: Yes	
Decatur Income Fund	stock
Delaware Cash Reserve	money market
Delaware Fund	stock
Delaware Group Government Fund-GNMA	bond & preferred
Delaware Group Government Fund-US Govt	bond & preferred
Delaware Tax-Free Money Fund	money market
Delaware Treasury Reserves-Cashiers	money market
Delaware Treasury Reserves-Investors	bond & preferred
Delchester Bond Fund	bond & preferred
Delta Trend Fund	stock
DMC Tax-Free Income Trust-PA	municipal bond
DMC Tax-Free Income-USA	municipal bond
DMC Tax-Free Income-USA Insured	municipal bond
Diversified Securities PO Box 357 Long Beach, CA 90801 213-595-7711 (local) Exchange privilege: No	
Investors Research Fund	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Dodge & Cox 1 Post Street 35th Floor San Francisco, CA 94104 415-981-1710 (local) Exchange privilege: Yes	
Dodge & Cox Balanced Fund	balanced
Dodge & Cox Stock Fund	stock
Drexel Burnham Lambert 60 Broad Street New York, NY 10004 212-482-1623* (local) 800-272-2700 (out of state) Exchange privilege: Yes	
DBL Cash Fund-Govt Secs	money market
DBL Cash Fund-Money Market	money market
DBL Tax-Free Fund-Limited Term	municipal bond
DBL Tax-Free Fund-Money Market	money market
Drexel Burnham Fund	stock
Drexel Series-Bond-Debenture	bond & preferred
Drexel Series-Convertible Secs	stock
Drexel Series-Emerging Growth	stock
Drexel Series-Government Securities	bond & preferred
Drexel Series-Growth	stock
Drexel Series-Option Income	stock
Fenimore International Fund	foreign
Dreyfus Service Corp 600 Madison Avenue New York, NY 10022 718-895-1206 (local) 800-645-6561 (out of state) Exchange privilege: Yes	
Dreyfus A Bonds Plus	bond & preferred
Dreyfus California Tax Exempt Bond	municipal bond
Dreyfus California Tax Exempt MM	money market
Dreyfus Capital Value Fund	stock
Dreyfus Convertible Securities Fund	balanced
Dreyfus Fund	stock
Dreyfus General Aggressive Growth Fund	stock
Dreyfus General Tax Exempt Bond Fund	municipal bond
Dreyfus General Tax Exempt Money Market	money market
Dreyfus GNMA Fund	bond & preferred
Dreyfus Growth Opportunity Fund	stock
Dreyfus Insured Tax Exempt Bond Fund	municipal bond
Dreyfus Intermediate Tax Exempt Bond	municipal bond
Dreyfus Leverage Fund	stock
Dreyfus Liquid Assets	money market
Dreyfus Massachusetts Tax Exempt Bond	municipal bond
Dreyfus MM Instruments-Govt Secs	money market
Dreyfus MM Instruments-Money Market	money market
Dreyfus New Leaders Fund	stock
Dreyfus NY Tax Exempt Bond Fund	municipal bond
Dreyfus Tax Exempt Bond Fund	municipal bond
Dreyfus Tax Exempt MM Fund	money market
Dreyfus Third Century Fund	stock
First Lakeshore Money Market Fund	money market
First Lakeshore Tax Exempt Money Market	money market
General Money Market Fund	money market
Pacific Horizon-Aggressive Growth	stock
Pacific Horizon-Calif Tax-Exempt Bond	municipal bond
Pacific Horizon-Government	money market
Pacific Horizon-High Yield Bond	bond & preferred
Pacific Horizon-Money Market	money market
Pacific Horizon-Tax-Exempt Money Market	money market
Park Ave NY Tax Exempt Intermed Bond	municipal bond
Park Ave NY Tax Exempt Money Market Fund	money market

Fund distributor	Type of fund
Eaton Vance Distributors 24 Federal Street Boston, MA 02110 617-482-8260 (local) 800-225-6265 (out of state) Exchange privilege: Yes	
Eaton & Howard Stock Fund	stock
Eaton Vance California Munis Trust	municipal bond
Eaton Vance Cash Mgmt Fund	money market
Eaton Vance Govt Obligations Trust	bond & preferred
Eaton Vance Growth Fund	stock
Eaton Vance High Yield	bond & preferred
Eaton Vance High Yield Municipals Trust	municipal bond
Eaton Vance Income Fund of Boston	balanced
Eaton Vance Investors Fund	balanced
Eaton Vance Muni Bond Fund	municipal bond
Eaton Vance Special Equities Fund	stock
Eaton Vance Tax Free Reserves	money market
Eaton Vance Total Return Trust	stock
Leverage Fund of Boston	stock
Nautilus Fund	stock
Vance, Sanders Special Fund	stock
Eppler, Guerin & Turner PO Box 508 Dallas, TX 75221 214-880-9000 (local) Exchange privilege: No	
EGT Money Market Trust	money market
Equitec Securities PO Box 2470 Oakland, CA 94614 800-445-9052 (local) 800-445-9020 (out of state) Exchange privilege: Yes	
Equitec Siebel Aggressive Growth Fund	stock
Equitec Siebel Government Secs Fund	bond & preferred
Equitec Siebel Total Return Fund	stock
Equity Services National Life Drive Montpelier, VT 05604 802-229-3139 (local) 800-233-4332 (out of state) Exchange privilege: Yes	
Sentinel Balanced Fund	balanced
Sentinel Bond Fund	bond & preferred
Sentinel Common Stock Fund	stock
Sentinel Growth Fund	stock
Fairfield Group Prudential Business Campus 232 Lakeside Drive Horsham, PA 19044 800-222-3429 (local) 800-441-3885 (out of state) Exchange privilege: Yes	
St Clair Money Market Fund	money market
St Clair Tax-Free Money Market Fund	money market
Viking Equity Index Fund-General	stock



*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Federated Securities Corp 421 Seventh Avenue Pittsburgh, PA 15219 412-288-1900* (local) 800-245-2423 (out of state) Exchange privilege: Yes	
American Leaders Fund	stock
Federated GNMA Trust	bond & preferred
Federated Growth Trust	stock
Federated High Income Secs Fund	bond & preferred
Federated High Yield Trust	bond & preferred
Federated Income Trust	bond & preferred
Federated Intermediate Govt Trust	bond & preferred
Federated Intermediate Municipal Trust	municipal bond
Federated Short-Intermediate Govt Trust	bond & preferred
Federated Stock & Bond Fund	balanced
Federated Stock Trust	stock
Federated Tax-Free Income Fund	municipal bond
Federated Tax-Free Trust	money market
FT International	foreign
Fund for US Govt Securities	bond & preferred
Government Income Securities	bond & preferred
High Yield Cash Trust	money market
Liberty US Govt Money Market Trust	money market
Money Market Management	money market
AT Ohio Tax-Free Money Fund	money market
Tax-Free Instruments Trust	money market
Fidelity Distributors Corp 82 Devonshire Street Boston, MA 02109 617-523-1919* (local) 800-544-6666 (out of state) Exchange privilege: Yes	
Daily Money Fund-Money Market	money market
Daily Money Fund-US Treasury	money market
Fidelity Calif Tax-Free-High Yield	municipal bond
Fidelity Calif Tax-Free-Money Market	money market
Fidelity Cash Reserves	money market
Fidelity Contrafund	stock
Fidelity Daily Income Trust	money market
Fidelity Destiny Portfolio I	stock
Fidelity Discoverer Fund	stock
Fidelity Equity-Income Fund	stock
Fidelity Flexible Bond Fund	bond & preferred
Fidelity Freedom Fund	stock
Fidelity Fund	stock
Fidelity Ginnie Mae	bond & preferred
Fidelity Government Securities Fund	bond & preferred
Fidelity Growth & Income	stock
Fidelity Growth Company Fund	stock
Fidelity High Income Fund	bond & preferred
Fidelity Magellan Fund	stock
Fidelity Mass Tax-Free-Money Market	money market
Fidelity Mass Tax-Free-Muni Bond	municipal bond
Fidelity Mortgage Secs Fund	bond & preferred
Fidelity NY Tax-Free-High Yield	municipal bond
Fidelity NY Tax-Free-Insured	municipal bond
Fidelity NY Tax-Free-Money Market	money market
Fidelity OTC Portfolio	stock
Fidelity Overseas Fund	stock

Fund distributor	Type of fund
Fidelity Distributors Corp (continued)	
Fidelity Puritan Fund	stock
Fidelity Select-American Gold	stock
Fidelity Select-Biotechnology	stock
Fidelity Select-Brokerage & Investment	stock
Fidelity Select-Chemicals	stock
Fidelity Select-Computers	stock
Fidelity Select-Defense & Aerospace	stock
Fidelity Select-Energy	stock
Fidelity Select-Financial Services	stock
Fidelity Select-Food & Agriculture	stock
Fidelity Select-Health Care	stock
Fidelity Select-Leisure	stock
Fidelity Select-Money Market	money market
Fidelity Select-Precious Metals & Minerals	stock
Fidelity Select-Property & Casualty	stock
Fidelity Select-Retailing	stock
Fidelity Select-Savings & Loan	stock
Fidelity Select-Software & Computer	stock
Fidelity Select-Technology	stock
Fidelity Select-Telecommunications	stock
Fidelity Select-Utilities	stock
Fidelity Special Situations Fund	stock
Fidelity State Tax-Free-Michigan	municipal bond
Fidelity State Tax-Free-Minnesota	municipal bond
Fidelity State Tax-Free-Ohio	municipal bond
Fidelity Tax-Exempt MM Trust	money market
Fidelity Tax-Free-Aggressive	municipal bond
Fidelity Tax-Free-High Yield	municipal bond
Fidelity Tax-Free-Insured	municipal bond
Fidelity Tax-Free-Limited Term Munis	municipal bond
Fidelity Tax-Free-Municipal Bond	municipal bond
Fidelity Texas Tax-Free	municipal bond
Fidelity Thrift Trust	bond & preferred
Fidelity Trend Fund	stock
Fidelity US Government Reserves	money market
First American Money Fund	money market
Fiduciary Management 222 East Mason Street Milwaukee, WI 53202 414-271-6666* (local) Exchange privilege: No	
Fiduciary Capital Growth Fund	stock
Financial Programs PO Box 2040 Denver, CO 80201 800-525-9769 (local) 800-525-8085 (out of state) Exchange privilege: Yes	
Financial Bond Shares-High Yield	bond & preferred
Financial Bond Shares-Select Income	bond & preferred
Financial Daily Income Shares	money market
Financial Dynamics	stock
Financial Industrial Fund	stock
Financial Industrial Income Fund	stock
Financial Tax-Free Income Shares	municipal bond
World of Technology	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
First Investors Management Co 120 Wall Street New York, NY 10005 212-208-6000 (local) 800-423-4026 (out of state) Exchange privilege: Yes	
First Investors Bond Appreciation	bond & preferred
First Investors Cash Mgmt Fund	money market
First Investors Discovery Fund	stock
First Investors Fund for Growth	stock
First Investors Fund for Income	bond & preferred
First Investors Government Fund	bond & preferred
First Investors International Secs	foreign
First Investors Natural Resources	stock
First Investors New York Tax Free	municipal bond
First Investors Ninety-Ten Fund	stock
First Investors Option Fund	stock
First Investors Tax Exempt Fund	municipal bond
First Investors US Govt Plus-2nd Series	bond & preferred
First of Michigan 100 Renaissance Center Detroit, MI 48243 313-259-2600 (local) 800-521-1264 (out of state) Exchange privilege: Yes	
Renaissance Assets Trust-Government	money market
Renaissance Assets Trust-MM	money market
First Trust Funds 110 North Franklin Street Chicago, IL 60606 312-781-9490 (local) 800-621-4770 (out of state) Exchange privilege: Yes	
First Trust Fund-US Government	bond & preferred
Flagship Financial One First National Plaza Suite 910 Dayton, OH 45402 800-354-7447 (local) 800-227-4648 (out of state) Exchange privilege: Yes	
Flagship Tax Exempt Funds Trust-Georgia	municipal bond
Flagship Tax Exempt Funds Trust-Michigan	municipal bond
Flagship Tax Exempt Funds Trust-NC	municipal bond
Flagship Tax Exempt Funds Trust-Ohio	municipal bond
Flagship Tax Exempt Funds Trust-Virginia	municipal bond
Flex Funds PO Box 7177 Dublin, OH 43017 614-766-7000* (local) 800-325-3539 (out of state) Exchange privilege: Yes	
Flex-funds-Bond Fund	bond & preferred
Flex-funds-Capital Gains Fund	stock
Flex-funds-Retirement Growth	stock
Florida Mutual Funds Group 7301 West Palmetto Park Road Suite C-105 Boca Raton, FL 33433 305-392-2667* (local) Exchange privilege: No	
Pinnacle Government Fund-Portfolio I	money market

Fund distributor	Type of fund
44 Securities 1 State Street Plaza 29th Floor New York, NY 10004 212-344-4224 (local) 800-221-7836 (out of state) Exchange privilege: Yes	
44 Wall Street Equity Fund	stock
44 Wall Street Fund	stock
Founders Mutual Depositor Corp PO Box 5632 Denver, CO 80217 800-874-6301 (local) 800-525-2440 (out of state) Exchange privilege: Yes	
Founders Growth Fund	stock
Founders Income Fund	stock
Founders Mutual Fund	stock
Founders Special Fund	stock
Franklin Distributors 777 Mariner's Island Boulevard San Mateo, CA 94404-1585 800-227-6781 (local) 800-632-2180 (out of state) Exchange privilege: Yes	
Franklin AGE High Income Fund	bond & preferred
Franklin Calif Insured Tax-Free Income	municipal bond
Franklin Calif Tax-Exempt Money Fund	money market
Franklin California Tax-Free Income	municipal bond
Franklin Custodian-Dynatech	stock
Franklin Custodian-Growth	stock
Franklin Custodian-Income	balanced
Franklin Custodian-US Govt	bond & preferred
Franklin Custodian-Utilities	stock
Franklin Equity Fund	stock
Franklin Federal Money Fund	money market
Franklin Federal Tax-Free Income	municipal bond
Franklin Gold Fund	stock
Franklin Insured Tax-Free Income Fund	municipal bond
Franklin Mass Insured Tax-Free Income	municipal bond
Franklin Michigan Insured Tax-Free Income	municipal bond
Franklin Minn Insured Tax-Free Income	municipal bond
Franklin Money Fund	money market
Franklin New York Tax-Free Income Fund	municipal bond
Franklin Ohio Insured Tax-Free Income	municipal bond
Franklin Option Fund	stock
Franklin Tax-Exempt Money Fund	money market
Gateway Option Income Fund PO Box 458167 Cincinnati, OH 45245 513-248-2700* (local) 800-354-6339 (out of state) Exchange privilege: No	
Gateway Option Income Fund	stock
Gintel & Co Greenwich Office Park OP-6 Greenwich, CT 06830 203-622-6400 (local) 800-243-5808 (out of state) Exchange privilege: No	
Gintel Capital Appreciation Fund	stock
Gintel ERISA Fund	stock
Gintel Fund	stock

*Will accept collect calls

1986 Fund Ratings

Fund distributor	Type of fund
GIT Investment Services 1655 North Fort Myer Drive Arlington, VA 22209 800-572-2050 (local) 800-336-3063 (out of state) Exchange privilege: Yes	
GIT Equity Trust-Special Growth	stock
GIT Income Trust-A-Rated Income	bond & preferred
GIT Income Trust-Maximum Income	bond & preferred
GIT Tax-Free Trust-High Yield	municipal bond
Government Investors Trust	money market
Gradison Mutual Funds 580 Walnut Street Cincinnati, OH 45202 800-582-1892 (local) 800-543-8640 (out of state) Exchange privilege: Yes	
Gradison Cash Reserves Trust	money market
Gradison Emerging Growth Fund	stock
Gradison Established Growth Fund	stock
Greenspring Fund Quadrangle Village of Cross Keys Suite 322 Baltimore, MD 21210 301-435-9000 (local) Exchange privilege: No	
Greenspring Fund	stock
Growth Industry Shares 135 South LaSalle Street Chicago, IL 60603 800-635-2840 (local) 800-635-2886 (out of state) Exchange privilege: No	
Growth Industry Shares	stock
GT Global Growth Funds 601 Montgomery Street Suite 1400 San Francisco, CA 94111 415-392-6181 (local) 800-824-1580 (all states) Exchange privilege: Yes	
GT Global Growth Funds-Europe	stock
GT Global Growth Funds-Pacific	foreign
Guardian Investor Services Corp 201 Park Avenue South New York, NY 10003 800-522-7800 (local) 800-221-3253 (out of state) Exchange privilege: Yes	
Guardian Park Ave Fund	stock
John Hancock Distributors PO Box 21 Boston, MA 02117 617-572-4120 (local) 800-225-5291 (out of state) Exchange privilege: Yes	
John Hancock Bond Trust	bond & preferred
John Hancock Cash Management Trust	money market
John Hancock Global Trust	stock
John Hancock Growth Trust	stock
John Hancock Special Equities Trust	stock
John Hancock Tax-Exempt Income Trust	municipal bond
John Hancock US Govt Guaranteed Mortgages	bond & preferred
John Hancock US Govt Securities Trust	bond & preferred

Fund distributor	Type of fund
Hartwell Funds 515 Madison Avenue 31st Floor New York, NY 10022 212-308-3355 (local) 800-645-6405 (out of state) Exchange privilege: No	
Hartwell Growth Fund	stock
Hartwell Leverage Fund	stock
Heine Management Group PO Box 830 Westport, CT 06881 800-522-2564 (local) 800-422-2564 (out of state) Exchange privilege: No	
LMH Fund	stock
Heine Securities 26 Broadway New York, NY 10004 212-908-4047* (local) 800-457-0211 (out of state) Exchange privilege: No	
Mutual Beacon Fund	stock
Mutual Qualified Income Fund	stock
Mutual Shares Corp	stock
JJB Hilliard, WL Lyons 545 South Third Street Louisville, KY 40202 800-292-1886 (local) 800-626-2023 (out of state) Exchange privilege: No	
Hilliard-Lyons Government Fund	money market
Wayne Hummer & Co 175 West Jackson Boulevard Chicago, IL 60604 800-972-5566 (local) 800-621-4477 (out of state) Exchange privilege: No	
Wayne Hummer Growth Fund	stock
Wayne Hummer Money Fund Trust	money market
EF Hutton & Co 1 Battery Park Plaza New York, NY 10004 Contact your local EF Hutton representative Exchange privilege: Yes	
Cash Reserve Management	money market
Hutton AMA Cash Fund	money market
Hutton California Municipal Fund	municipal bond
Hutton Government Fund	money market
Hutton Investment-Basic Value	stock
Hutton Investment-Bond & Income	bond & preferred
Hutton Investment-Government Secs	bond & preferred
Hutton Investment-Growth	stock
Hutton Investment-Option Income	stock
Hutton Investment-Precious Metals	stock
Hutton Investment-Short Term Investment	money market
Hutton Investment-Special Equities	stock
Hutton National Municipal Fund	municipal bond
Hutton New York Municipal Fund	municipal bond
Municipal Cash Reserve Management	money market

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Idex Management PO Box 5068 Clearwater, FL 33518 813-446-3333 (local) 800-237-3055 (out of state) Exchange privilege: Yes	
Idex Fund	stock
Idex Fund II	balanced
IDS Financial Services IDS Tower Minneapolis, MN 55474 612-372-3733 (local) 800-328-8300 (out of state) Exchange privilege: Yes	
IDS Bond Fund	bond & preferred
IDS Cash Management Fund	money market
IDS Discovery Fund	stock
IDS Equity Plus	stock
IDS Extra Income Fund	bond & preferred
IDS Federal Income Fund	bond & preferred
IDS Growth Fund	stock
IDS High Yield Tax-Exempt Fund	municipal bond
IDS International Fund	foreign
IDS Managed Retirement Fund	stock
IDS Mutual	balanced
IDS New Dimensions Fund	stock
IDS Precious Metals Fund	stock
IDS Progressive Fund	stock
IDS Selective Fund	bond & preferred
IDS Stock Fund	stock
IDS Strategy Fund-Aggressive Equity	stock
IDS Strategy Fund-Equity	stock
IDS Strategy Fund-Income	bond & preferred
IDS Tax-Exempt Bond Fund	municipal bond
IDS Tax-Free Money Fund	money market
Integrated Asset Management 666 Third Avenue 5th Floor New York, NY 10017 212-551-5313 (local) 800-221-2644 (out of state) Exchange privilege: Yes	
Home Investors Govt Guaranteed Income	bond & preferred
Integrated Capital Appreciation Fund	stock
Integrated Insured Tax Free Fund	municipal bond
Integrated Money Market Securities	money market
Interstate Capital Growth Fund PO Box 10230 Greenville, SC 29603 803-235-1307* (local) Exchange privilege: No	
Interstate Capital Growth Fund	stock
Investors Security Trust 110 Bank Street Suffolk, VA 23434 804-539-2396 (local) Exchange privilege: No	
Old Dominion Investors' Trust	stock
IRI Securities One Appletree Square Minneapolis, MN 55420 612-853-9500 (local) 800-328-1010 (out of state) Exchange privilege: No	
IRI Stock Fund	stock

Fund distributor	Type of fund
ISI Corp PO Box 23330 Oakland, CA 94623 415-832-1400 (local) Exchange privilege: Yes	
ISI Growth Fund	stock
ISI Income Fund	bond & preferred
ISI Trust Fund	stock
ITB Distributors 60 State Street Boston, MA 02109 617-542-0213* (local) 800-451-0502 (out of state) Exchange privilege: Yes	
Empire Builder Tax Free Bond Fund	municipal bond
Investment Trust of Boston	stock
Investment Trust of Boston-High Income Plus	bond & preferred
Investment Trust of Boston-Mass T-F Income	municipal bond
Ivy Fund 40 Industrial Park Road Hingham, MA 02043 617-749-1416 (local) 800-235-3322 (out of state) Exchange privilege: No	
Ivy Growth Fund	stock
Janus Fund 100 Fillmore Street Suite 300 Denver, CO 80206 303-333-3863* (local) 800-525-3713 (out of state) Exchange privilege: Yes	
Janus Fund	stock
Janus Value Fund	stock
Janus Venture Fund	stock
Jefferson-Pilot Investor Services PO Box 21008 Greensboro, NC 27420 919-378-2451 (local) Exchange privilege: Yes	
JP Growth Fund	stock
JP Income Fund	bond & preferred
Johnson, Lane, Space, Smith & Co 200 Park Avenue Suite 4515 New York, NY 10017 212-697-6666 (local) 800-228-4227 (out of state) Exchange privilege: No	
Prime Cash Fund	money market
Jones & Babson 2440 Pershing Road Kansas City, MO 64108 816-471-5200* (local) 800-821-5591 (out of state) Exchange privilege: Yes	
Babson Bond Trust	bond & preferred
Babson Enterprise Fund	stock
Babson Growth Fund	stock
Babson Money Market Fund-Prime	money market
Babson Tax-Free Income Fund-Long Term	municipal bond
Babson Tax-Free Income Fund-Short Term	municipal bond
Babson Value Fund	stock
UMB Bond Fund	bond & preferred
UMB Money Market-Federal	money market
UMB Money Market-Prime	money market
UMB Stock Fund	stock
UMB Tax-Free MM Fund	money market

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Edward D Jones & Co 201 Progress Parkway Maryland Heights, MO 63043 314-851-2000* (local) Exchange privilege: No	
ED Jones Daily Passport Cash Trust	money market
Kemper Financial Services 120 South LaSalle Street Chicago, IL 60603 312-781-1121 (local) 800-621-1048 (out of state) Exchange privilege: Yes	
Cash Equivalent Fund-Govt	money market
Cash Equivalent Fund-MM	money market
Investment Port-Equity	stock
Investment Port-Govt Plus	bond & preferred
Investment Port-High Yield	bond & preferred
Investment Port-Option Income	stock
Kemper Calif Tax-Free Income Fund	municipal bond
Kemper Government MM Fund	money market
Kemper Growth Fund	stock
Kemper High Yield Fund	bond & preferred
Kemper Income & Capital Preservation Fund	bond & preferred
Kemper International Fund	foreign
Kemper Money Market Fund	money market
Kemper Muni Bond Fund	municipal bond
Kemper Option Income Fund	stock
Kemper Summit Fund	stock
Kemper Tax-Free Income-National	municipal bond
Kemper Total Return Fund	balanced
Kemper US Govt Securities Fund	bond & preferred
Tax-Exempt MM Fund	money market
Technology Fund	stock
Keystone Massachusetts Distributors 99 High Street Boston, MA 02110 617-338-3400 (local) 800-633-4900 (out of state) Exchange privilege: Yes	
Keystone Custodian B-1	bond & preferred
Keystone Custodian B-2	bond & preferred
Keystone Custodian B-4	bond & preferred
Keystone Custodian K-1	balanced
Keystone Custodian K-2	stock
Keystone Custodian S-1	stock
Keystone Custodian S-3	stock
Keystone Custodian S-4	stock
Keystone International Fund	foreign
Keystone Liquid Trust	money market
Keystone Precious Metals Holdings	stock
Keystone Tax Exempt Trust	municipal bond
Keystone Tax Free Fund	municipal bond
Kidder Peabody 20 Exchange Place New York, NY 10005 212-510-5028* (local) Exchange privilege: Yes	
Kidder Peabody Equity Income	stock
Kidder Peabody Government Income Fund	bond & preferred
Kidder Peabody Government Money Fund	money market
Kidder Peabody Premium Account	money market
Kidder Peabody Special Growth Fund	stock
Kidder Peabody Tax Exempt MM	money market
Kidder Peabody Tax-Free Income-National	municipal bond
Kidder Peabody Tax-Free Income-New York	municipal bond
Webster Cash Reserve Fund	money market

Fund distributor	Type of fund
Ladenburg, Thalmann & Co 540 Madison Avenue New York, NY 10022 212-940-0253 (local) 800-523-8425 (out of state) Exchange privilege: No	
Westergaard Fund	stock
Lazard Frères & Co One Rockefeller Plaza New York, NY 10020 212-957-5343 (local) 800-854-8525 (out of state) Exchange privilege: No	
Lazard Cash Management Fund	money market
Lazard Government Fund	money market
Lazard Tax-Free Reserves-Money Market	money market
Legg Mason Wood Walker PO Box 1476 Baltimore, MD 21203 800-492-7777 (local) 800-368-2558 (out of state) Exchange privilege: Yes	
Legg Mason Cash Reserve Trust	money market
Legg Mason Special Investment Trust	stock
Legg Mason Tax Exempt Trust	money market
Legg Mason Total Return Trust	stock
Legg Mason Value Trust	stock
Lehman Brothers Distributor 55 Water Street New York, NY 10041 212-668-8578* (local) 800-221-5350 (out of state) Exchange privilege: Yes	
Lehman Capital Fund	stock
Lehman Investors Fund	stock
Lehman Management Cash Reserves Fund	money market
Lehman Management Tax-Free Reserves Fund	money market
Lehman Opportunity Fund	stock
Lepercq-Istel Trust 345 Park Avenue 23rd Floor New York, NY 10154 212-702-0174* (local) Exchange privilege: No	
Lepercq-Istel Fund	stock
Robert H Leshner 700 Dixie Terminal Building Cincinnati, OH 45202 513-629-2000 (local) 800-543-8721 (out of state) Exchange privilege: Yes	
ABT Growth & Income Trust	stock
ABT Investment Series-Emerging Growth	stock
ABT Investment Series-Security Income	stock
ABT Utility Income Fund	stock
Midwest Group-LG Fund for Growth	stock
Midwest Group-LG US Government Secs Fund	bond & preferred
Midwest Group Tax Free-Limited Term	municipal bond
Midwest Group Tax Free-MM	money market
Midwest Group Tax Free-Ohio Long Term	municipal bond
Midwest Income Trust-Intermediate Term Govt	bond & preferred
Midwest Income Trust-Short Term Govt	money market

*Will accept collect calls.

Fund distributor	Type of fund
Lexington Management Corp PO Box 1515 Saddle Brook, NJ 07662 201-845-7300 (local) 800-526-0057 (out of state) Exchange privilege: Yes	
Corporate Leaders Trust Certificates Ser B	stock
Lexington GNMA Income Fund	bond & preferred
Lexington Goldfund	stock
Lexington Growth Fund	stock
Lexington MM Trust	money market
Lexington Research Fund	stock
Lexington Tax Free Money Fund	money market
Lieber & Company 550 Mamaroneck Avenue Harrison, NY 10528 914-698-5711 (local) 800-635-0003 (out of state) Exchange privilege: Yes	
Evergreen Fund	stock
Evergreen Total Return Fund	stock
Lindner Management Corp 200 South Bemiston PO Box 11208 St Louis, MO 63105 314-727-5305 (local) Exchange privilege: No	
Lindner Dividend Fund	stock
Lindner Fund	stock
Lord Abbett & Co 63 Wall Street New York, NY 10005 212-425-8720* (local) 800-223-4224 (out of state) Exchange privilege: Yes	
Affiliated Fund	stock
Lord Abbett Bond-Debenture Fund	bond & preferred
Lord Abbett California Tax-Free Income	municipal bond
Lord Abbett Cash Reserve Fund	money market
Lord Abbett Developing Growth Fund	stock
Lord Abbett Tax-Free-National	municipal bond
Lord Abbett Tax-Free-NY	municipal bond
Lord Abbett US Govt Securities Fund	bond & preferred
Lord Abbett Value Appreciation	stock
Mackenzie Investment Management 1665 Palm Beach Lakes Boulevard Suite 604 West Palm Beach, FL 33401 800-824-6067 (local) 800-222-2274 (out of state) Exchange privilege: Yes	
Industrial Series-Govt Secs Plus	bond & preferred
Industrial Series-Option Income	balanced
Madison Investment Advisors 402 South Gammon Place Madison, WI 53719 608-833-6300 (local) Exchange privilege: No	
Bascom Hill Investors	stock

Fund distributor	Type of fund
Mairs & Power W-2062 First National Bank Bldg St Paul, MN 55101 612-222-8478 (local) Exchange privilege: No	
Mairs & Power Growth Fund	stock
Mairs & Power Income Fund	stock
Horace Mann Growth Fund 1 Horace Mann Plaza Springfield, IL 62715 217-789-2500 (local) Exchange privilege: No	
Horace Mann Growth Fund	stock
Massachusetts Financial Services 200 Berkeley Street Boston, MA 02116 617-423-3500 (local) 800-343-2923 (out of state) Exchange privilege: Yes	
Mass Capital Development Fund	stock
Mass Cash Management-Govt	money market
Mass Cash Management-Prime	money market
Mass Financial Bond Fund	bond & preferred
Mass Financial Development Fund	stock
Mass Financial Emerging Growth Trust	stock
Mass Financial High Income Trust	bond & preferred
Mass Financial International-Bond	bond & preferred
Mass Financial Special Fund	stock
Mass Financial Total Return Trust	balanced
Mass Investors Growth Stock Fund	stock
Mass Investors Trust	stock
MFS Government Guaranteed Secs	bond & preferred
MFS Government Secs High Yield Trust	bond & preferred
MFS Managed California Tax-Exempt Trust	municipal bond
MFS Managed High Yield Muni Bond	municipal bond
MFS Managed M-S Tax-Exempt-Maryland	municipal bond
MFS Managed M-S Tax-Exempt-Mass	municipal bond
MFS Managed M-S Tax-Exempt-N Carolina	municipal bond
MFS Managed M-S Tax-Exempt-S Carolina	municipal bond
MFS Managed M-S Tax-Exempt-Virginia	municipal bond
MFS Managed M-S Tax-Exempt-W Virginia	municipal bond
MFS Managed Muni Bond Trust	municipal bond
MFS Managed Sectors Trust	stock
Mathers Fund 125 South Wacker Drive Chicago, IL 60606 312-236-8215 (local) Exchange privilege: No	
Mathers Fund	stock
McDonald & Company Securities 2100 Society Building Cleveland, OH 44114 216-443-2300 (local) 800-451-6200 (out of state) Exchange privilege: Yes	
McDonald Money Market Fund	money market
McDonald Tax Exempt Money Market Fund	money market

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Meeschaert & Company 11 Parker Street Newton Centre, MA 02159 617-244-0432 (local) Exchange privilege: No	
Meeschaert Capital Accumulation Trust	stock
Meridian Fund 60 East Sir Francis Drake Blvd Suite 306 Larkspur, CA 94939 800-445-5553 (local) 800-446-6662 (out of state) Exchange privilege: No	
Meridian Fund	stock
Merrill Lynch Funds Boston 125 High Street 4th Floor Boston, MA 02110 617-357-1460* (local) 800-225-1576 (out of state) Exchange privilege: Yes	
Merrill Lynch Government Fund	money market
Merrill Lynch Institutional Fund	money market
Merrill Lynch Funds Distributor PO Box 9011 Princeton, NJ 08543-9011 609-282-2800 (local) Exchange privilege: Yes	
CBA Money Fund	money market
Merrill Lynch Basic Value Fund	stock
Merrill Lynch California Tax-Exempt Fund	municipal bond
Merrill Lynch Capital Fund	stock
Merrill Lynch Corp Bond-High Income	bond & preferred
Merrill Lynch Corp Bond-High Quality	bond & preferred
Merrill Lynch Corp Bond-Intermediate	bond & preferred
Merrill Lynch Equi-Bond I Fund	balanced
Merrill Lynch Federal Securities Trust	bond & preferred
Merrill Lynch Fund for Tomorrow	stock
Merrill Lynch International Holdings	stock
Merrill Lynch Muni Bond Fund-High Yield	municipal bond
Merrill Lynch Muni Bond Fund-Insured	municipal bond
Merrill Lynch Muni Bond Fund-Ltd Maturity	municipal bond
Merrill Lynch Natural Resources Trust	stock
Merrill Lynch New York Municipal Bond	municipal bond
Merrill Lynch Pacific Fund	foreign
Merrill Lynch Phoenix Fund	balanced
Merrill Lynch Ready Assets Trust	money market
Merrill Lynch Retirement Benefit Investment	stock
Merrill Lynch Retirement/Income Fund	bond & preferred
Merrill Lynch Retirement Reserves Money Fund	money market
Merrill Lynch Special Value	stock
Merrill Lynch USA Govt Reserves	money market
Sci/Tech Holdings	stock
Summit Cash Reserves Fund	money market
Merrill Lynch, Pierce, Fenner & Smith One Liberty Plaza 165 Broadway New York, NY 10080 609-282-2800 (local) Exchange privilege: Yes	
CMA Government Securities Fund	money market
CMA Money Fund	money market
CMA Tax-Exempt Fund	money market
ML Convertible Securities-Capital	dual purpose
ML Convertible Securities-Income	dual purpose

Fund distributor	Type of fund
MidAmerica Management 4333 Edgewood Road NE Cedar Rapids, IA 52499 319-398-8511 (local) 800-553-4287 (out of state) Exchange privilege: Yes	
MidAmerica High Growth Fund	stock
MidAmerica Mutual Fund	stock
Milwaukee Co 250 East Wisconsin Avenue Milwaukee, WI 53202 800-242-1001 (local) 800-558-1015 (out of state) Exchange privilege: No	
Heartland Value Fund	stock
Trust for Cash Reserves	money market
Mimlic Asset Management 400 North Robert Street St Paul, MN 55101 612-298-3826 (local) 800-328-8045 (out of state) Exchange privilege: Yes	
Mimlic Investors Fund I	stock
Mimlic Mortgage Securities Income Fund	bond & preferred
Morgan Keegan & Co 50 Front Street Memphis, TN 38103 901-524-4100 (local) 800-238-7127 (out of state) Exchange privilege: No	
Morgan Keegan Daily Cash Trust	money market
Moseley, Hallgarten, Estabrook & Weeden 200 Park Avenue Suite 4515 New York, NY 10017 212-697-6666 (local) 800-228-4227 (out of state) Exchange privilege: No	
Short Term Asset Reserves	money market
Murphey Favre Seafirst Financial Center 9th Floor Spokane, WA 99201 509-624-4101 (local) 800-541-0830 (out of state) Exchange privilege: Yes	
Composite Bond & Stock Fund	balanced
Composite Cash Management	money market
Composite Growth Fund	stock
Composite Income Fund	bond & preferred
Composite Tax-Exempt Bond Fund	municipal bond
Composite US Government Securities	bond & preferred
Mutual Benefit Financial Services Co 290 Westminster Street Providence, RI 02903 401-751-8600* (local) 800-343-3382 (out of state) Exchange privilege: No	
Mutual Benefit Fund	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Mutual of Omaha Fund Management 10235 Regency Circle Omaha, NE 68114 800-642-8112 (local) 800-228-9596 (out of state) Exchange privilege: Yes	
Mutual of Omaha America Fund	bond & preferred
Mutual of Omaha Cash Reserve Fund	money market
Mutual of Omaha Growth Fund	stock
Mutual of Omaha Income Fund	balanced
Mutual of Omaha Money Market Account	money market
Mutual of Omaha Tax-Free Income Fund	municipal bond
National Industries Fund 2130 South Dahlia Street Denver, CO 80222 303-759-2400 (local) Exchange privilege: No	
National Industries Fund	stock
National Securities & Research Corp 605 Third Avenue New York, NY 10158 212-661-3000* (local) 800-223-7757 (out of state) Exchange privilege: Yes	
California Tax Exempt Bonds	municipal bond
Fairfield Fund	stock
National Bond Fund	bond & preferred
National Federal Securities Trust	bond & preferred
National Growth Fund	stock
National Preferred Fund	bond & preferred
National Real Estate Stock Fund	stock
National Securities Tax Exempt Bonds	municipal bond
National Stock Fund	stock
National Total Income Fund	balanced
National Total Return Fund	balanced
Nationwide Financial Services 1 Nationwide Plaza Columbus, OH 43216 800-282-1440 (local) 800-848-0920 (out of state) Exchange privilege: Yes	
Nationwide Bond Fund	bond & preferred
Nationwide Fund	stock
Nationwide Growth Fund	stock
Nationwide Money Market Fund	money market
Nationwide Tax-Free Fund	municipal bond
NEL Equity Services 399 Boylston Street Boston, MA 02117 617-578-1187 (local) 800-343-7104 (out of state) Exchange privilege: Yes	
Loomis-Sayles Capital Development Fund	stock
Loomis-Sayles Mutual Fund	balanced
NEL Cash Management Trust-MM	money market
NEL Equity Fund	stock
NEL Growth Fund	stock
NEL Income Fund	bond & preferred
NEL Retirement Equity Fund	stock
NEL Tax Exempt Bond Fund	municipal bond
New England Life Government Secs Trust	bond & preferred

Fund distributor	Type of fund
Neuberger & Berman Management 342 Madison Avenue New York, NY 10173 212-850-8300* (local) 800-367-0770 (out of state) Exchange privilege: Yes	
Energy Fund	stock
Guardian Mutual Fund	stock
Liberty Fund	bond & preferred
Manhattan Fund	stock
Neuberger & Berman Government Money	money market
Neuberger & Berman Tax-Free Money	money market
Partners Fund	stock
New York Muni Fund One World Trade Center Suite 8407 New York, NY 10048 212-422-7490 (local) 800-277-1549 (out of state) Exchange privilege: No	
New York Muni Fund	municipal bond
Newton Fund PO Box 1348 Milwaukee, WI 53201 800-242-7229 (local) 800-247-7039 (out of state) Exchange privilege: Yes	
Newton Growth Fund	stock
Newton Income Fund	bond & preferred
Nicholas Company 700 North Water Street Milwaukee, WI 53202 414-272-6133 (local) Exchange privilege: Yes	
Nicholas Fund	stock
Nicholas II	stock
Nicholas Income Fund	bond & preferred
Noddings Calamos Asset Management 2001 Spring Road Oakbrook, IL 60521 800-821-6458 (local) 800-251-2411 (out of state) Exchange privilege: Yes	
Noddings Calamos Convertible Funds-Growth	stock
Noddings Calamos Convertible Funds-Income	stock
Nomura Capital Management 180 Maiden Lane New York, NY 10038 212-208-9300 (local) 800-833-1896 (out of state) Exchange privilege: No	
Nomura Pacific Basin Fund	foreign
North Star Funds PO Box 357 Minneapolis, MN 55440 612-371-7780 (local) Exchange privilege: Yes	
North Star Apollo	stock
North Star Bond Fund	bond & preferred
North Star Regional Fund	stock
North Star Reserve Fund	bond & preferred
North Star Stock Fund	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Northeast Investors Trust 50 Congress Street Boston, MA 02109 617-523-3588 (local) 800-225-6704 (out of state) Exchange privilege: Yes	
Northeast Investors Growth Fund	stock
Northeast Investors Trust	bond & preferred
Nova Advisers Two Oliver Street Boston, MA 02109-4901 617-439-6126* (local) 800-572-0006 (out of state) Exchange privilege: No	
Nova Fund	stock
Nuveen Advisory Corp 333 West Wacker Drive Chicago, IL 60606 312-917-7844* (local) 800-621-7210 (out of state) Exchange privilege: No	
Nuveen California Tax-Free-Money Market	money market
Nuveen Muni Bond Fund	municipal bond
Nuveen Tax-Exempt Money Market Fund	money market
Nuveen Tax-Free Reserves	money market
Tax-Free Accounts	money market
Ohio Company 155 East Broad Street Columbus, OH 43215 800-282-9446 (local) 800-848-7734 (out of state) Exchange privilege: Yes	
Cardinal Fund	stock
Cardinal Government Guaranteed Fund	bond & preferred
Cardinal Government Securities Trust	money market
Cardinal Tax Exempt Money Trust	money market
Omega Fund 77 Franklin Street Boston, MA 02110 617-357-8480 (local) Exchange privilege: No	
Omega Fund	stock
Oppenheimer Capital Corp Oppenheimer Tower World Financial Center New York, NY 10281 212-667-7587 (local) 800-867-7778 (out of state) Exchange privilege: No	
Quest for Value Fund	stock

Fund distributor	Type of fund
Oppenheimer Investor Services PO Box 300 Denver, CO 80201 303-671-3200 (local) 800-525-7048 (out of state) Exchange privilege: Yes	
Hamilton Funds	stock
Oppenheimer AIM Fund	stock
Oppenheimer Challenger Fund	stock
Oppenheimer Directors Fund	stock
Oppenheimer Equity Income Fund	stock
Oppenheimer Fund	stock
Oppenheimer Gold & Special Minerals	stock
Oppenheimer High Yield Fund	bond & preferred
Oppenheimer Money Market Fund	money market
Oppenheimer NY Tax-Exempt	municipal bond
Oppenheimer Premium Income Fund	stock
Oppenheimer Regency Fund	stock
Oppenheimer Retirement-Blue Chip Stock	stock
Oppenheimer Retirement-US Government Secs	bond & preferred
Oppenheimer Special Fund	stock
Oppenheimer Target Fund	stock
Oppenheimer Tax-Free Bond Fund	municipal bond
Oppenheimer Time Fund	stock
Pacific Financial Research 9665 Wilshire Boulevard Suite 950 Beverly Hills, CA 90212 213-278-4461 (local) Exchange privilege: No	
Clipper Fund	balanced
PaineWebber 1285 Avenue of the Americas 15th Floor New York, NY 10019 212-713-4818 (local) Exchange privilege: Yes	
PaineWebber America Fund	stock
PaineWebber Atlas Fund	stock
PaineWebber Calif Tax-Exempt Income Fund	municipal bond
PaineWebber Cashfund	money market
PaineWebber Fixed Income-GNMA	bond & preferred
PaineWebber Fixed Income-High Yield	bond & preferred
PaineWebber Fixed Income-Invest Grade	bond & preferred
PaineWebber Master Series-Income Fund	bond & preferred
PaineWebber Olympus Fund	stock
PaineWebber RMA-Money Market	money market
PaineWebber RMA-Tax-Free	money market
PaineWebber RMA-US Govt	money market
PaineWebber Tax-Exempt Income	municipal bond
Pallas Financial Corporation One Burton Hills Boulevard Suite 355 Nashville, TN 37215 615-665-1700 (local) 800-251-1970 (out of state) Exchange privilege: No	
Monitrend Mutual Fund	stock
Parkway Management 2625 Concord Pike PO Box 7138 Wilmington, DE 19803 302-478-8531* (local) 800-441-7786 (out of state) Exchange privilege: Yes	
Parkway Cash Fund	money market

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Pax World Fund 224 State Street Portsmouth, NH 03801 603-431-8022 (local) Exchange privilege: No	
Pax World Fund	balanced
Penn Square Management PO Box 1419 Reading, PA 19603 215-670-1031* (local) 800-523-8440 (out of state) Exchange privilege: No	
Penn Square Mutual Fund	stock
Pennsylvania Mutual Fund 1414 Avenue of the Americas New York, NY 10019 212-355-7311 (local) 800-221-4268 (out of state) Exchange privilege: Yes	
Pennsylvania Mutual Fund	stock
Permanent Portfolio Fund PO Box 5847 Austin, TX 78763 512-453-7558 (local) 800-531-5142 (out of state) Exchange privilege: No	
Permanent Portfolio Fund	stock
PFS Management Services 5400 University Avenue West Des Moines, IA 50265 800-422-3175 (local) 800-247-4170 (out of state) Exchange privilege: Yes	
Farm Bureau Growth Fund	stock
Phoenix Equity Planning Corp One American Row Hartford, CT 06115 203-278-8050* (local) 800-243-4361 (out of state) Exchange privilege: Yes	
P-C Capital Fund	stock
Phoenix Balanced Fund	balanced
Phoenix Convertible Fund	stock
Phoenix Growth Fund	stock
Phoenix High Quality Bond Fund	bond & preferred
Phoenix High Yield Fund	bond & preferred
Phoenix Stock Fund	stock
Pilgrim Distributors One Executive Drive Fort Lee, NJ 07024 201-461-7500 (local) 800-526-0475 (out of state) Exchange privilege: Yes	
Pilgrim GNMA Fund	bond & preferred
Pilgrim High Yield Trust	bond & preferred
Pilgrim MagnaCap Fund	stock
Pilgrim Preferred Fund	bond & preferred

Fund distributor	Type of fund
Pioneer Group 60 State Street Boston, MA 02109 617-742-7825* (local) 800-225-6292 (out of state) Exchange privilege: Yes	
Pioneer Bond Fund	bond & preferred
Pioneer Fund	stock
Pioneer II	stock
Pioneer Three	stock
Prescott, Ball & Turben 230 West Monroe Street Chicago, IL 60606 800-572-4437 (local) 800-621-7321 (out of state) Exchange privilege: Yes	
Selected American Shares	stock
Selected Special Shares	stock
T Rowe Price Associates 100 East Pratt Street Baltimore, MD 21202 301-547-2308* (local) 800-638-5660 (out of state) Exchange privilege: Yes	
T Rowe Price Equity Income Fund	stock
T Rowe Price GNMA Fund	bond & preferred
T Rowe Price Growth & Income Fund	stock
T Rowe Price Growth Stock Fund	stock
T Rowe Price High Yield Fund	bond & preferred
T Rowe Price International Fund	foreign
T Rowe Price New America Growth Fund	stock
T Rowe Price New Era Fund	stock
T Rowe Price New Horizons Fund	stock
T Rowe Price New Income Fund	bond & preferred
T Rowe Price Prime Reserve Fund	money market
T Rowe Price Short-Term Bond Fund	bond & preferred
T Rowe Price Tax-Exempt Money Fund	money market
T Rowe Price Tax-Free High Yield Fund	municipal bond
T Rowe Price Tax-Free Income Fund	municipal bond
T Rowe Price Tax-Free Short Intermediate	municipal bond
T Rowe Price US Treasury Money Fund	money market
Princor Financial Services Corp 711 High Street Des Moines, IA 50309 515-247-5711 (local) Exchange privilege: Yes	
BLC Capital Accumulation Fund	stock
BLC Government Securities Income Fund	bond & preferred
BLC Growth Fund	stock
BLC Tax-Exempt Bond Fund	municipal bond

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Prudential-Bache 1 Seaport Plaza New York, NY 10292 212-214-1234 (local) 800-872-7787 (out of state) Exchange privilege: Yes	
Command Government Fund	money market
Command Money Fund	money market
Command Tax-Free Fund	money market
Prudential-Bache California Municipal	municipal bond
Prudential-Bache Equity Fund	stock
Prudential-Bache Global Fund	foreign
Prudential-Bache GNMA Fund	bond & preferred
Prudential-Bache Government Plus Fund	bond & preferred
Prudential-Bache Govt Secs-Intermediate Term	bond & preferred
Prudential-Bache Govt Secs-MM	money market
Prudential-Bache Growth Opportunity	stock
Prudential-Bache High Yield Fund	bond & preferred
Prudential-Bache High Yield Municipals	municipal bond
Prudential-Bache IncomeVertible	stock
Prudential-Bache MoneyMart Assets	money market
Prudential-Bache Muni-Arizona	municipal bond
Prudential-Bache Muni-Georgia	municipal bond
Prudential-Bache Muni-Maryland	municipal bond
Prudential-Bache Muni-Massachusetts	municipal bond
Prudential-Bache Muni-Michigan	municipal bond
Prudential-Bache Muni-Minnesota	municipal bond
Prudential-Bache Muni-New York	municipal bond
Prudential-Bache Muni-New York MM	money market
Prudential-Bache Muni-N Carolina	municipal bond
Prudential-Bache Muni-Ohio	municipal bond
Prudential-Bache Muni-Oregon	municipal bond
Prudential-Bache Option Growth Fund	stock
Prudential-Bache Research Fund	stock
Prudential-Bache Tax-Free Money Fund	money market
Prudential-Bache Utility Fund	stock
Putnam Financial Services 1 Post Office Square Boston, MA 02109 617-292-1000* (local) 800-225-1581 (out of state) Exchange privilege: Yes	
Depositors Investment-Aggressive Growth	stock
Depositors Investment-Capital Growth	stock
Depositors Investment-Government Secs	bond & preferred
Putnam California Tax Exempt Income	municipal bond
Putnam Capital Fund	stock
Putnam Convertible Income-Growth	stock
Putnam Daily Dividend Trust	money market
Putnam Energy-Resources Trust	stock
Putnam Fund for Growth & Income	stock
George Putnam Fund of Boston	balanced
Putnam GNMA Plus Trust	bond & preferred
Putnam Health Sciences Trust	stock
Putnam High Income Government Trust	bond & preferred
Putnam High Yield Trust	bond & preferred
Putnam High Yield Trust II	bond & preferred
Putnam Income Fund	bond & preferred
Putnam Information Sciences Trust	stock
Putnam International Equities Fund	foreign
Putnam Investors Fund	stock
Putnam New York Tax Exempt Income Fund	municipal bond
Putnam Option Income Trust	stock
Putnam Option Income Trust II	stock
Putnam Tax Exempt Income Fund	municipal bond
Putnam Tax-Free Income-High Yield	municipal bond
Putnam Tax-Free Income-Insured	municipal bond
Putnam US Govt Guaranteed Securities	bond & preferred
Putnam Vista Basic Value	stock
Putnam Voyager Fund	stock

Fund distributor	Type of fund
Quest Distributors 1414 Avenue of the Americas New York, NY 10019 212-355-7311 (local) 800-221-4268 (out of state) Exchange privilege: Yes	
Royce Fund-High Yield	bond & preferred
Royce Fund-Value	stock
Rea-Graham Fund 10966 Chalon Road Los Angeles, CA 90077 213-471-1917* (local) Exchange privilege: No	
Rea-Graham Fund	balanced
Reich & Tang 100 Park Avenue New York, NY 10017 212-370-1240* (local) Exchange privilege: Yes	
Connecticut Daily Tax Free Income	money market
Daily Dollar Reserves	money market
Daily Income Fund	money market
Daily Tax Free Income Fund	money market
Empire Tax Free Money Market	money market
Gabelli Asset Fund	stock
Reich & Tang Equity Fund	stock
SBSF Fund	stock
Short Term Income Fund-Government	money market
Short Term Income Fund-MM	money market
Sound Shore Fund	stock
Warburg International Fund	foreign
Resrv Partners 810 Seventh Avenue 35th Floor New York, NY 10019 212-977-9880* (local) 800-223-5547 (out of state) Exchange privilege: Yes	
Reserve Equity-Dreman Contrarian	stock
Reserve Fund-Government	money market
Reserve Fund-Primary	money market
Reserve New York Tax-Exempt Trust-NY	money market
Reserve Tax-Exempt-Connecticut	money market
Reserve Tax-Exempt-Interstate	money market
Review Distributing Corp PO Box 1537 Fort Washington, PA 19034-1537 215-887-6312* (local) 800-523-2578 (out of state) Exchange privilege: No	
Over-the-Counter Securities Fund	stock
Rightime Fund The Benson East Office Plaza Suite 1009 Jenkintown, PA 19046 800-222-3317 (local) 800-242-1421 (out of state) Exchange privilege: No	
Rightime Fund	stock
RJ Financial 1400 66th Street North St Petersburg, FL 33710 813-381-3800 (local) Exchange privilege: Yes	
Heritage Capital Appreciation	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Rochester Fund Distributors 379 Park Avenue Rochester, NY 14607 716-442-5500* (local) Exchange privilege: Yes	
Rochester Tax Managed Fund	stock
LF Rothschild, Unterberg, Towbin 55 Water Street New York, NY 10041 212-412-1000 (local) Exchange privilege: No	
LF Rothschild Earnings & Liquidity	money market
LF Rothschild Exempt Fund	money market
Ruane, Cunniff & Co 1370 Avenue of the Americas New York, NY 10019 212-245-4500 (local) Exchange privilege: No	
Sequoia Fund	stock
Rushmore Investment Brokers 4922 Fairmont Avenue Bethesda, MD 20814 301-657-1500* (local) 800-343-3355 (out of state) Exchange privilege: Yes	
Fund for Govt Investors	money market
Fund for Tax-Free Investors-Intermediate	municipal bond
Fund for Tax-Free Investors-Long-Term	municipal bond
Rushmore Fund-Ginnie Mae	bond & preferred
SA Russell & Co 200 Park Avenue Suite 4515 New York, NY 10017 212-697-6666 (local) 800-228-4227 (out of state) Exchange privilege: No	
Trinity Liquid Assets Trust	money market
Morton H Sachs & Co 1346 South Third Street Louisville, KY 40208 502-636-5633 (local) Exchange privilege: Yes	
Fairmont Fund	stock
Safeco Securities Safeco Plaza Seattle, WA 98185 206-545-5530 (local) 800-426-6730 (out of state) Exchange privilege: Yes	
Safeco California Tax-Free Income Fund	municipal bond
Safeco Equity Fund	stock
Safeco Growth Fund	stock
Safeco Income Fund	stock
Safeco Municipal Bond Fund	municipal bond

Fund distributor	Type of fund
Scudder Fund Distributors 175 Federal Street Boston, MA 02110 800-225-2470 (local) 800-453-3305 (out of state) Exchange privilege: Yes	
Scudder California Tax-Free Fund	municipal bond
Scudder Capital Growth Fund	stock
Scudder Cash Investment Trust	money market
Scudder Development Fund	stock
Scudder Government Money Fund	money market
Scudder Government Mortgage Securities	bond & preferred
Scudder Growth & Income Fund	stock
Scudder Income Fund	bond & preferred
Scudder International Fund	foreign
Scudder Managed Municipal Bonds	municipal bond
Scudder New York Tax Free Fund	municipal bond
Scudder Target Fund-General 1987	bond & preferred
Scudder Target Fund-General 1990	bond & preferred
Scudder Target Fund-General 1994	bond & preferred
Scudder Target Fund-Government 1990	bond & preferred
Scudder Tax-Free Money Fund	money market
Scudder Tax-Free Target-1987	municipal bond
Scudder Tax-Free Target-1990	municipal bond
Scudder Tax-Free Target-1993	municipal bond
Scudder Tax Free Target-1996	municipal bond
Securities Fund Investors PO Box 3942 St Petersburg, FL 33731 813-823-8712 (local) 800-237-0738 (out of state) Exchange privilege: Yes	
Templeton Foreign Fund	foreign
Templeton Global I	stock
Templeton Global II	stock
Templeton Growth Fund	stock
Templeton World Fund	stock
Securities Management & Research Moody & Market Streets Galveston, TX 77550 800-392-9753 (local) 800-231-4639 (out of state) Exchange privilege: Yes	
American National Bond Fund	bond & preferred
American National Growth Fund	stock
American National Income Fund	stock
Security Distributors 700 Harrison Street Topeka, KS 66636 913-295-3127 (local) 800-255-2461 (out of state) Exchange privilege: Yes	
Security Action Fund	stock
Security Cash Fund	money market
Security Equity Fund	stock
Security Income Fund-Corporate Bonds	bond & preferred
Security Investment Fund	stock
Security Omni Fund	stock
Security Tax-Exempt Fund	municipal bond
Security Ultra Fund	stock

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Seligman Marketing 1 Bankers Trust Plaza New York, NY 10006 800-522-6869 (local) 800-221-2450 (out of state) Exchange privilege: Yes	
Seligman Calif T-E-High Yield	municipal bond
Seligman Calif T-E-Quality	municipal bond
Seligman Capital Fund	stock
Seligman Cash Management-Prime	money market
Seligman Common Stock Fund	stock
Seligman Communications & Information	stock
Seligman Growth Fund	stock
Seligman High Inc-High Yield Bond	bond & preferred
Seligman High Inc-Secured Mortgage	bond & preferred
Seligman High Inc-US Govt Guaranteed	bond & preferred
Seligman Income Fund	balanced
Seligman Tax Exempt-Colorado	municipal bond
Seligman Tax Exempt-Louisiana	municipal bond
Seligman Tax Exempt-Maryland	municipal bond
Seligman Tax-Exempt-Massachusetts	municipal bond
Seligman Tax Exempt-Michigan	municipal bond
Seligman Tax-Exempt-Minnesota	municipal bond
Seligman Tax Exempt-National	municipal bond
Seligman Tax-Exempt-New York	municipal bond
Seligman Tax Exempt-Ohio	municipal bond
Sentry Equity Services 1800 North Point Drive Stevens Point, WI 54481 800-472-0280 (local) 800-826-0266 (out of state) Exchange privilege: Yes	
Sentry Fund	stock
Shearson Lehman Brothers American Express Tower World Financial Center New York, NY 10285 Call your local Shearson Lehman representative Exchange privilege: Yes	
Shearson Aggressive Growth Fund	stock
Shearson Appreciation Fund	stock
Shearson California Daily Tax-Free	money market
Shearson California Municipals	municipal bond
Shearson Daily Dividend	money market
Shearson Daily Tax-Free Dividend	money market
Shearson FMA Cash Fund	money market
Shearson FMA Government Fund	money market
Shearson FMA Municipal Fund	money market
Shearson Fundamental Value Fund	stock
Shearson Global Opportunities	foreign
Shearson Government & Agencies	money market
Shearson High Yield Fund	bond & preferred
Shearson Lehman-Equity Growth	stock
Shearson Lehman-Equity Plus	stock
Shearson Lehman-Intermediate Govt Secs	bond & preferred
Shearson Lehman-International Equity	stock
Shearson Lehman-Long Term Govt Secs	bond & preferred
Shearson Lehman-Option Income	stock
Shearson Lehman-Tax-Exempt Income	municipal bond
Shearson Managed Governments	bond & preferred
Shearson Managed Municipals	municipal bond
Shearson New York Municipals	municipal bond
Shearson NY Daily Tax-Free Fund	money market
Sherman, Dean Fund 6061 NW Expressway San Antonio, TX 78201 512-734-1488 (local) Exchange privilege: No	
Sherman, Dean Fund	stock

*Will accept collect calls.

Fund distributor	Type of fund
Sierra Growth Fund 1880 Century Park East Suite 717 Los Angeles, CA 90067 213-277-1450 (local) Exchange privilege: No	
Sierra Growth Fund	stock
Sigma Investor Services 3801 Kennett Pike Greenville Center C-200 Wilmington, DE 19807 302-652-3091* (local) 800-441-9490 (out of state) Exchange privilege: Yes	
Sigma Capital Shares	stock
Sigma Income Shares	bond & preferred
Sigma Investment Shares	stock
Sigma Special Fund	stock
Sigma Tax-Free Bond Fund	municipal bond
Sigma Trust Shares	balanced
Sigma Venture Shares	stock
Sigma World Fund	foreign
Sit Investment Associates 1714 First Bank Place West Minneapolis, MN 55402 612-332-3223 (local) Exchange privilege: Yes	
New Beginning Growth Fund	stock
New Beginning Yield Fund	bond & preferred
Smith Barney, Harris Upham & Co 333 West 34th Street New York, NY 10001 212-356-2631 (local) Exchange privilege: Yes	
National Liquid Reserves-Cash	money market
National Liquid Reserves-Government	money market
National Liquid Reserves-Retirement	money market
Smith Barney Equity Fund	stock
Smith Barney Funds-Income Return	bond & preferred
Smith Barney Funds-US Government	bond & preferred
Smith Barney-Income & Growth	stock
Tax Free Money Fund	money market
Vantage Money Market-Cash	money market
Vantage Money Market-Government	money market
Sogen Securities Corp 520 Madison Avenue New York, NY 10022 212-832-0022* (local) Exchange privilege: No	
Sogen International Fund	stock
Sovereign Advisers 985 Old Eagle School Road Suite 515A Wayne, PA 19087 215-254-0703 (local) Exchange privilege: No	
Sovereign Investors	stock
State Bond Sales Corp Investment Department 100-106 North Minnesota Street New Ulm, MN 56073 507-354-2144* (local) 800-328-4735 (out of state) Exchange privilege: Yes	
State Bond Common Stock Fund	stock
State Bond Diversified Fund	stock
State Bond Progress Fund	stock
State Bond Tax Exempt Fund	municipal bond

1986 Fund Ratings

Fund distributor	Type of fund
State Street Research & Management 1 Financial Center Boston, MA 02111 617-482-3920 (local) Exchange privilege: No	
State Street Investment Corp	stock
Steadman Funds 1730 K Street NW Suite 904 Washington, DC 20006 202-223-1000 (local) 800-424-8570 (out of state) Exchange privilege: Yes	
Steadman Associated Fund	stock
Steadman Investment Fund	stock
Steadman Oceanographic Technology & Growth	stock
Stein Roe & Farnham PO Box 1162 Chicago, IL 60690 312-368-7826* (local) 800-621-0320 (out of state) Exchange privilege: Yes	
Stein Roe & Farnham Capital Opportunity	stock
Stein Roe & Farnham Stock Fund	stock
SteinRoe Cash Reserves	money market
SteinRoe Discovery Fund	stock
SteinRoe Governments Plus	bond & preferred
SteinRoe High-Yield Bonds	bond & preferred
SteinRoe High-Yield Municipals	municipal bond
SteinRoe Intermediate Municipals	municipal bond
SteinRoe Managed Bonds	bond & preferred
SteinRoe Special Fund	stock
SteinRoe Tax-Exempt Bond Fund	municipal bond
SteinRoe Tax-Exempt Money Fund	money market
SteinRoe Total Return Fund	balanced
SteinRoe Universe Fund	stock
Strategic Distributors 2030 Royal Lane Dallas, TX 75229 214-484-1326* (local) 800-527-5027 (out of state) Exchange privilege: Yes	
Strategic Capital Gains	stock
Strategic Investments Fund	stock
Strategic Silver Fund	stock
Stratton Management PO Box 550 Blue Bell, PA 19422 215-542-8025* (local) Exchange privilege: Yes	
Stratton Growth Fund	stock
Stratton Monthly Dividend Shares	stock
Strong/Corneliuson Capital Management 815 East Mason Street Suite 1610 Milwaukee, WI 53202 414-765-0620* (local) 800-368-3863 (out of state) Exchange privilege: Yes	
Strong Income Fund	bond & preferred
Strong Investment Fund	balanced
Strong Opportunity Fund	stock
Strong Total Return Fund	balanced

Fund distributor	Type of fund
Tenneco Asset Planning Co 1100 Milam Suite 3500 Houston, TX 77002 713-757-2222 (local) 800-262-6686 (out of state) Exchange privilege: Yes	
Cashman Farrell Value Fund	stock
Fund of the Southwest	stock
Investors Income Fund	bond & preferred
PBHG Growth Fund	stock
US Trend Fund	stock
Thomson McKinnon Asset Management 1 New York Plaza New York, NY 10004 212-482-5894 (local) 800-628-1237 (out of state) Exchange privilege: Yes	
Thomson McKinnon Growth Fund	stock
Thomson McKinnon Income Fund	bond & preferred
Thomson McKinnon Opportunity Fund	stock
Thomson McKinnon Tax-Exempt Fund	municipal bond
Thomson McKinnon US Government Fund	bond & preferred
Thornburg Management 123 East Macy Street Suite 202 Santa Fe, NM 87501 505-984-0200 (local) 800-847-0200 (out of state) Exchange privilege: No	
Limited Term Municipal Fund	municipal bond
Transamerica Investment Services PO Box 2438 Los Angeles, CA 90051 213-742-2222* (local) 800-343-6840 (out of state) Exchange privilege: No	
Transamerica Cash Reserve	money market
Transatlantic Fund 100 Wall Street New York, NY 10005 212-747-0440 (local) 800-233-9164 (out of state) Exchange privilege: No	
Transatlantic Fund	foreign
Trusteed Funds 1 Winthrop Square Boston, MA 02110 800-462-1199 (local) 800-343-2902 (out of state) Exchange privilege: Yes	
Commonwealth Indenture of Trust Plan C	stock
Commonwealth Indenture of Trust Plans A&B	stock
GPM Fund	balanced
Tucker Anthony & RL Day 1 Beacon Street Boston, MA 02108 800-392-6037 (local) 800-225-6258 (out of state) Exchange privilege: Yes	
Freedom Gold & Government Fund	stock
Freedom Government Plus Fund	bond & preferred
Freedom Regional Bank Fund	stock
Tucker Anthony Cash Mgmt Fund	money market
Tucker Anthony Govt Secs Fund	money market
Tucker Anthony Tax-Exempt Money	money market

*Will accept collect calls.

1986 Fund Ratings

Fund distributor	Type of fund
Twentieth Century Investors 605 West 47th Street Kansas City, MO 64112 816-531-5575 (local) 800-345-2021 (all states) Exchange privilege: Yes	
Twentieth Century Cash Reserve	money market
Twentieth Century Giftrust Investors	stock
Twentieth Century Growth Investors	stock
Twentieth Century Select Investors	stock
Twentieth Century Ultra Investors	stock
Twentieth Century US Govt Investors	bond & preferred
Twentieth Century Vista Investors	stock
Unified Management Corp 600 Guaranty Building Indianapolis, IN 46204 317-634-3300 (local) 800-862-7283 (out of state) Exchange privilege: Yes	
Liquid Green Trust	money market
Unified Growth Fund	stock
Unified Income Fund	balanced
Unified Municipal Fund-General	municipal bond
Unified Municipal Fund-Indiana	municipal bond
Unified Mutual Shares Fund	stock
United Services Advisors PO Box 29467 San Antonio, TX 78229-0467 800-292-8181 (local) 800-824-4653 (out of state) Exchange privilege: Yes	
United Services-Gold Shares Fund	stock
United Services-Good & Bad Times Fund	stock
United Services-Growth Fund	stock
United Services-New Prospector Fund	stock
United Services-Prospector Fund	stock
United Services-US Treasury Secs	money market
Universal Programs 110 Wall Street New York, NY 10005 212-668-8111 (local) 800-221-5588 (out of state) Exchange privilege: Yes	
Eagle Growth Shares	stock
Philadelphia Fund	stock
US Boston Investment 6 New England Executive Park Burlington, MA 01803 617-272-6420 (local) Exchange privilege: Yes	
US Boston Investment-Boston I	stock

Fund distributor	Type of fund
USAA Transfer Services 9800 Fredricksburg Road San Antonio, TX 78288 512-498-7270 (local) 800-531-8181 (out of state) Exchange privilege: Yes	
USAA Investment Trust-Cornerstone Fund	stock
USAA Investment Trust-Gold Fund	stock
USAA Mutual-Growth Fund	stock
USAA Mutual-Income Fund	bond & preferred
USAA Mutual-MM Fund	money market
USAA Mutual-Sunbelt Ets Fund	stock
USAA Tax Exempt Fund-High Yield	municipal bond
USAA Tax Exempt Fund-Intermediate-Term	municipal bond
USAA Tax Exempt Fund-Money Market	money market
USAA Tax Exempt Fund-Short-Term	municipal bond
Valley Forge Fund PO Box 262 Valley Forge, PA 19481 215-688-6839 (local) (out of state) Exchange privilege: No	
Valley Forge Fund	stock
Value Line Securities 711 Third Avenue New York, NY 10017 800-223-0818 (local) 800-223-0818 (out of state) Exchange privilege: Yes	
Value Line Aggressive Income Trust	bond & preferred
Value Line Cash Fund	money market
Value Line Convertible Fund	stock
Value Line Fund	stock
Value Line Income Fund	stock
Value Line Leveraged Growth Investors	stock
Value Line Special Situations Fund	stock
Value Line Tax Exempt Fund-High Yield	municipal bond
Value Line US Government Secs Fund	bond & preferred
Van Eck Securities Corp 122 East 42nd Street New York, NY 10168 212-687-5200 (local) 800-221-2220 (out of state) Exchange privilege: Yes	
Gold/Resources Fund	stock
International Investors	foreign
World Trends Fund	balanced
Van Kampen Merritt 2 Penn Center Plaza Suite 1600 Philadelphia, PA 19102 312-719-6000 (local) 800-225-2222 (out of state) Exchange privilege: Yes	
Van Kampen Merritt Calif Insured T-F	municipal bond
Van Kampen Merritt Insured Tax Free	municipal bond
Van Kampen Merritt T-F High Income	municipal bond
Van Kampen Merritt US Govt Fund	bond & preferred

*Will accept collect calls.

1986 Fund Ratings

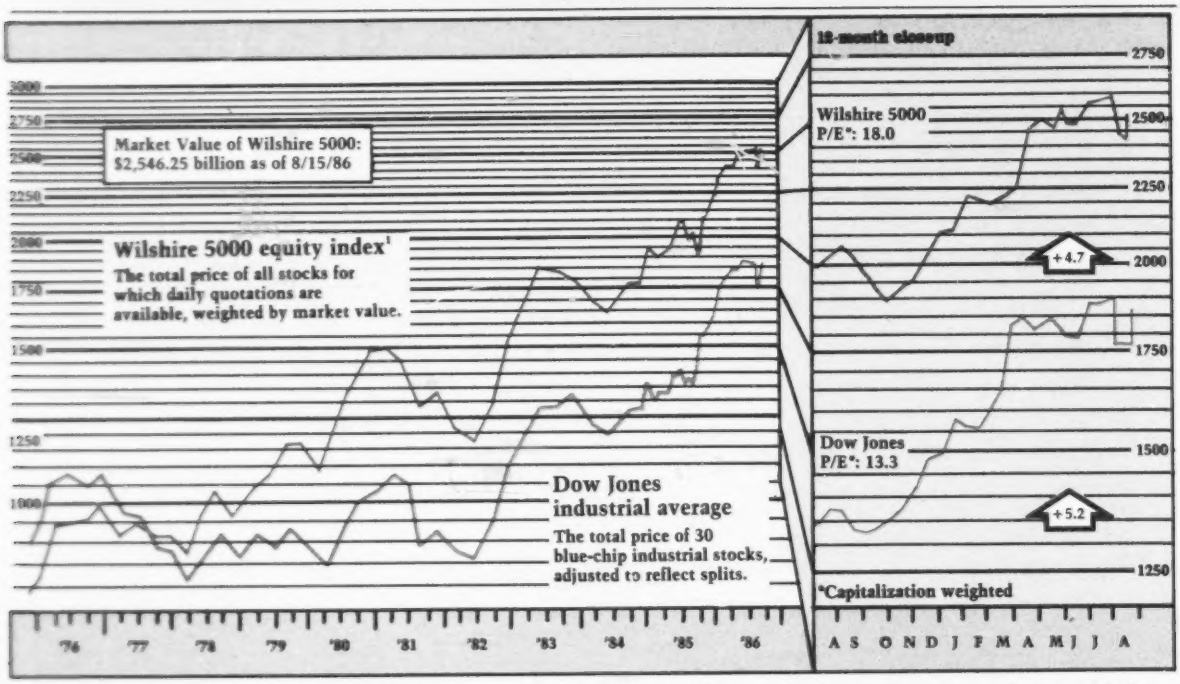
Fund distributor	Type of fund
Vanguard Group of Investment Cos Vanguard Financial Center Valley Forge, PA 19482 800-662-7447 (all states) Exchange privilege: Yes	
Vanguard California Insured Tax-Free	municipal bond
Vanguard Explorer Fund	stock
Vanguard Explorer Fund II	stock
Vanguard Fixed Income Secs-GNMA	bond & preferred
Vanguard Fixed Income Secs-High Yield	bond & preferred
Vanguard Fixed Income Secs-Invest Grade	bond & preferred
Vanguard Fixed Income Secs-Short Term	bond & preferred
Vanguard Gemini II Capital	dual purpose
Vanguard Gemini II Income	dual purpose
Vanguard Index Trust	stock
Vanguard MM Reserves-Federal	money market
Vanguard MM Reserves-Insured	money market
Vanguard MM Reserves-Prime	money market
Vanguard WL Morgan Growth Fund	stock
Vanguard Muni Bond-High Yield	municipal bond
Vanguard Muni Bond-Insured Long-Term	municipal bond
Vanguard Muni Bond-Intermediate-Term	municipal bond
Vanguard Muni Bond-Long-Term	municipal bond
Vanguard Muni Bond-MM	money market
Vanguard Muni Bond-Short-Term	municipal bond
Vanguard Naess & Thomas Special Fund	stock
Vanguard New York Insured Tax-Free	municipal bond
Vanguard Pennsylvania Insured Tax-Free	municipal bond
Vanguard PrimeCap Fund	stock
Vanguard Qualified Dividend I	stock
Vanguard Qualified Dividend II	bond & preferred
Vanguard Qualified Dividend III	bond & preferred
Vanguard Specialized-Energy	stock
Vanguard Specialized-Gold & Prec Metals	stock
Vanguard Specialized-Health Care	stock
Vanguard Specialized-Service Economy	stock
Vanguard Specialized-Technology	stock
Vanguard Star Fund	balanced
Vanguard Trustees' Commingled-Intl	stock
Vanguard Trustees' Commingled-US	stock
Vanguard Wellesley Income Fund	balanced
Vanguard Wellington Fund	balanced
Vanguard Windsor Fund	stock
Vanguard Windsor II	stock
Vanguard World Fund-International Growth	foreign
Vanguard World Fund-US Growth	stock
Variable Stock Fund 1 Financial Plaza Springfield, MA 01550 413-781-3000 (local) Exchange privilege: No	
Variable Stock Fund	stock
Venture Advisers PO Box 1688 Santa Fe, NM 87504-1688 505-983-4335 (local) 800-545-2098 (out of state) Exchange privilege: Yes	
New York Venture Fund	stock
RPF of America-Bond Fund	bond & preferred
RPF of America-Equity Fund	stock
Venture Income (+) Plus	bond & preferred
Venture Muni (+) Plus	municipal bond
Voyager Asset Management 100 South 5th Street Minneapolis, MN 55402 800-652-0204 (local) 800-328-4085 (out of state) Exchange privilege: No	
Double Exempt Capital Conservation Fund	municipal bond
Double Exempt Flex Fund	municipal bond

Fund distributor	Type of fund
Waddell & Reed PO Box 418343 Kansas City, MO 64141-9343 816-283-4000 (local) 800-821-5664 (out of state) Exchange privilege: Yes	
United Accumulative Fund	stock
United Bond Fund	bond & preferred
United Cash Management	money market
United Continental Income Fund	balanced
United Gold & Government Fund	balanced
United Government Secs Fund	bond & preferred
United High Income Fund	bond & preferred
United Income Fund	stock
United International Growth Fund	stock
United Municipal Bond Fund	municipal bond
United Municipal High Income Fund	municipal bond
United New Concepts Fund	stock
United Science & Energy Fund	stock
United Vanguard Fund	stock
Wall Street Management Corp 641 Lexington Avenue New York, NY 10022 212-319-9400* (local) Exchange privilege: No	
Wall Street Fund	stock
Weiss, Peck & Greer One New York Plaza New York, NY 10004 212-908-9582 (local) 800-223-3332 (out of state) Exchange privilege: Yes	
Tudor Fund	stock
WPG Fund	stock
WPG Growth Fund	stock
MJ Whitman 171 Madison Avenue New York, NY 10016 212-683-7141 (local) Exchange privilege: No	
Equity Strategies Fund	stock
Working Assets Money Fund 230 California Street San Francisco, CA 94111 415-989-3200* (local) 800-543-8800 (out of state) Exchange privilege: No	
Working Assets Money Fund	money market
Yes Fund 2151 East D Street - 202C Ontario, CA 91764 800-521-5612 (local) 800-972-3863 (out of state) Exchange privilege: No	
Yes Fund	bond & preferred
BC Ziegler & Co 215 North Main Street West Bend, WI 53095 414-334-5521 (local) 800-558-1776 (out of state) Exchange privilege: Yes	
Principal Preservation-Government Plus	bond & preferred
Principal Preservation-S&P 100 Plus	stock
Principal Preservation-Tax-Exempt Fund	municipal bond

*Will accept collect calls.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Preparing for a rematch. After a dismal performance in most of July the market has quietly gotten its act back together. During the midsummer correction the Dow dropped 145 points while the market value of the Wilshire index slipped nearly $189 billion in just four weeks. But the market has quietly recovered almost half the ground that it lost and may be ready for another shot at the top. Blue-chip stocks have been leading the comeback. The Dow gained 5.2% in the last two weeks, while Amex and Nasdaq shares posted respective gains of 4% and 2.6%.

With share prices on the mend, the Wilshire index is back up to a multiple of 18 times latest 12-month earnings. The current P/E for the Forbes Sales 500 is 16.6, while the P/E on the Dow industrials is 13.3. Looking on the bright side, the Forbes Sales 500, despite plenty of cuts in earnings estimates, is priced at only 11.4 times estimated earnings in 1987. Such rosy forecasts can help sustain the bull market.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.5	4.3	4.4	4.3	1.4	–0.2
in last 52 weeks	30.8	28.2	41.4	31.8	17.1	28.2

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.6	–0.6	1.1	2.9	0.1	0.8	2.3	–0.3	2.2	2.8	2.7	–1.5
in last 52 weeks	32.8	39.6	59.3	35.2	21.4	37.6	28.5	40.3	54.0	42.5	44.5	24.0

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

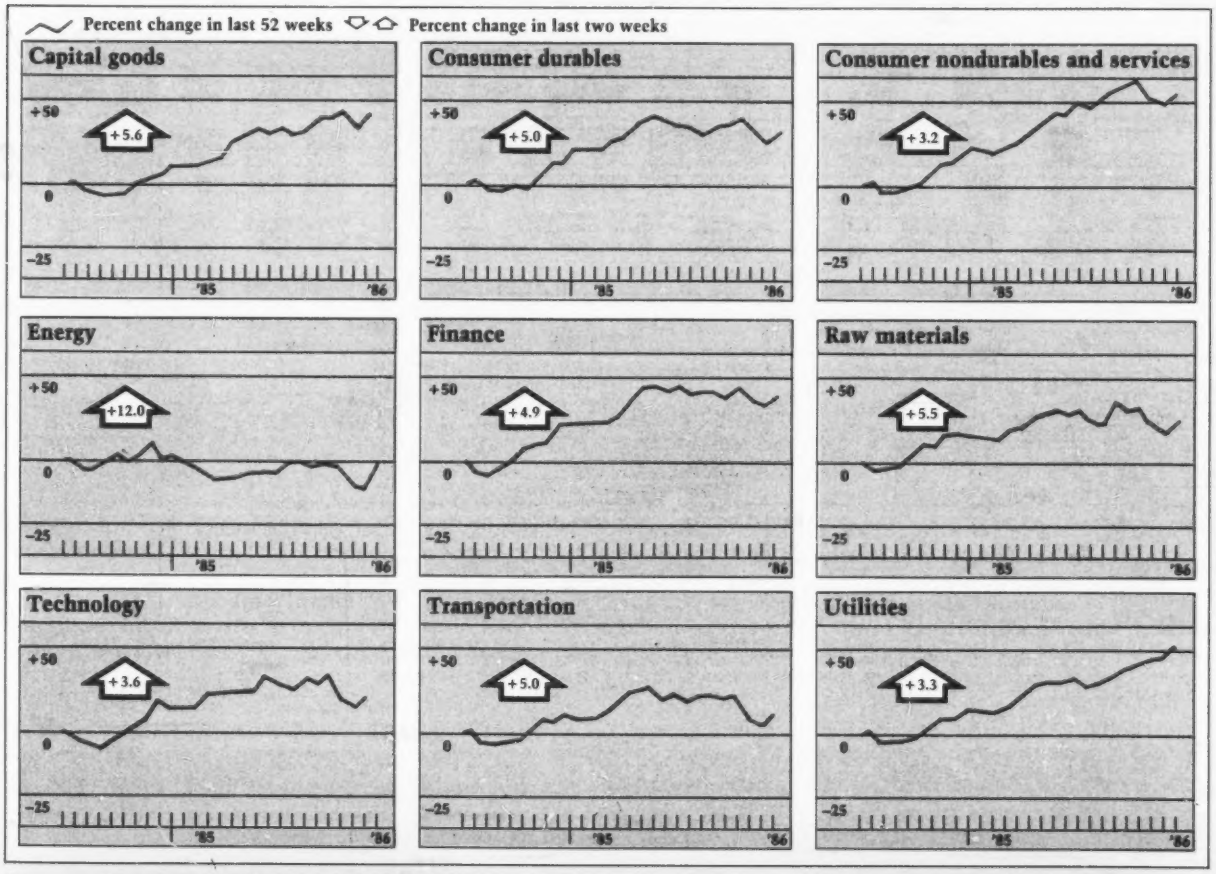
Note: All data for periods ending 8/15/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Guy French

Where The Action Is

Wall Street strikes oil! Energy stocks shot up 12% in the last two weeks amid rebounding oil prices and signs that OPEC may be serious about achieving production quotas. The world may not be returning to $30-a-barrel oil anytime soon, but investors were optimistic that the oil business had touched bottom. Exxon, Mobil and Royal Dutch each hit 52-week highs.

While energy was the clear performance leader, five other Wilshire sectors also posted handsome gains. Capital goods, raw materials, consumer durables, transportation and finance shares all outperformed the 4.7% two-week advance in the Wilshire index. Ex-Cell-O, subject of an acquisition offer from Textron, led the capital goods sector with a 50% increase.



What The Analysts Think

On the wrong track. In the last two weeks analysts cut back their 1986 earnings estimates for transportation shares by 4.9%. Forecasts for two railroads, Soo Line and Burlington Northern, were reduced by 43% and 31%, respectively. Several airlines—Continental, TWA, UAL and NWA—received less severe downward revisions.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.74	16.6
1986 estimates	3.40	13.4
1987 estimates	3.99	11.4

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Consumer nondurables	$2.16	17.2	-0.03%	-0.27%
2	Utilities	3.30	10.9	-0.29	-0.47
3	Technology	2.53	14.5	-0.61	-2.93
4	Consumer durables	3.90	9.9	-0.72	-1.09
5	Raw materials	1.83	16.4	-0.96	-1.15
6	Energy	2.19	13.8	-1.49	-2.24
7	Finance	3.25	11.5	-1.59	-2.55
8	Capital goods	2.51	15.4	-1.91	-2.97
9	Transportation	1.64	16.4	-4.85	-8.72

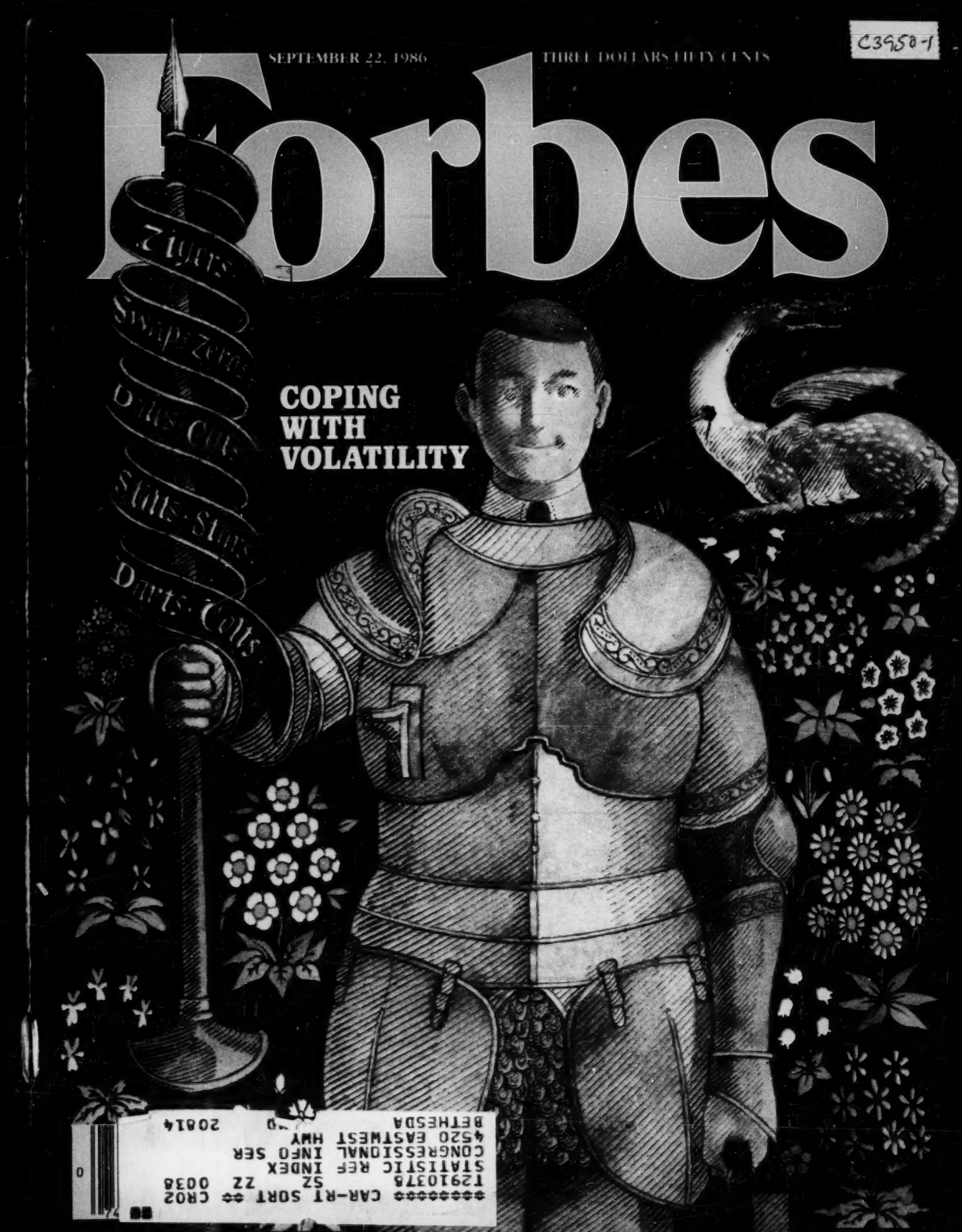
Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 8/15/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

C3950-1

SEPTEMBER 22, 1986 THREE DOLLARS FIFTY CENTS

Forbes

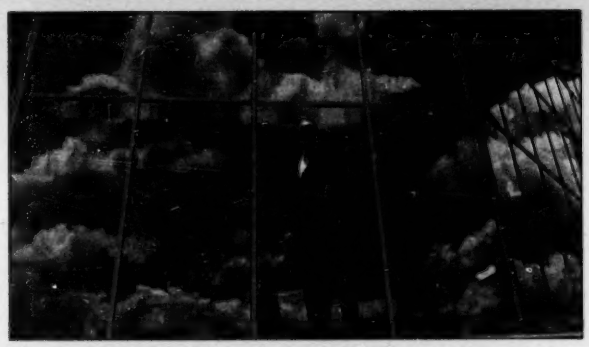


COPING WITH VOLATILITY

CAR-RT SORT ** CR02
T291037B S2 ZZ 0038
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

Forbes

SEPTEMBER 22, 1986
VOLUME 138
NUMBER 6



43 *Kenneth Hill of Tenenbaum-Hill Associates, Inc.*

The editorial index of companies referred to in this issue is on pages 240 and 241.

COVER STORY

150 What's With The Casino Society?
Confused by options, futures, program trading and so on? Don't write Congress. Relax and enjoy it.

COMPANIES

42 What's In A Name?
Manhattan Industries: life after Perry Ellis?

54 What Makes Stanley Borrow?
AMC Entertainment bulges with debt and costly leases. So why does the stock sell at 27 times earnings?

57 A Ford In Your Financial Future
While GM bought rockets and computer services, Ford got into savings and loans. Right now Ford looks pretty smart.

80 Turning Mongrels Into Greyhounds
With crafty acquisitions, Pat Ryan has built himself a $5.4 billion, and growing, insurance conglomerate.

84 "We Have To Change"
A technology giant is trying to learn mass marketing and faster reaction time. AT&T? No, Japan's Hitachi.

112 Lax Britannica
Some British firms have quaint ideas about business in the colonies. Cadbury-Schweppes, for example.

140 The Up & Comers: Wal-Mart Hospitals
Let the big boys fight for the big city hospital market. National Healthcare will take the small towns, thank you.

160 Brickbats Into Roses
He didn't let criticism faze him a few years back, so DEC's Ken Olsen isn't letting today's praise turn his head.

INDUSTRIES

40 The Reinsurance That Wasn't
Fraud is ravaging some insurance giants. Who says crime doesn't pay?

43 Is The Worst Yet To Come?
Real estate today is a market only a contrarian can love.

48 Shoot-Out Time In Pay TV
As their market shrinks, two giants square off.

74 Some Problems Won't Go Away
The farm slide may be over; will the good times return?

131 The Road Ahead Is Wide Open
For truckers these days, there is less freight to haul and more competition. But good management will out.

136 I Can Get It For You Wholesale
Now, yet another potential source of loan losses for the nation's banking system: commercial finance.

INTERNATIONAL

62 As I See It: We Are Living Off Our Capital
OPEC failed to hold the world to ransom, but the next oil crunch may be irreversible.

68 Here We Go Again?
Paper, it's the latest target of foreign competitors.

DEPARTMENTS

6 Side Lines
8 Trends
14 Follow-Through
18 Readers Say
25 Fact and Comment
28 Other Comments
31 Fact and Comment II
243 Flashbacks
244 Thoughts

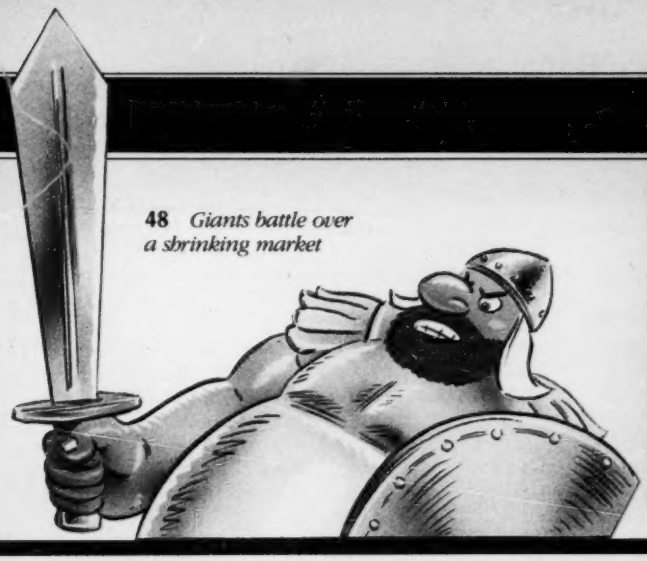
COLUMNISTS

225 Ben Weberman
226 David Dreman
228 Ann C. Brown
230 Kenneth L. Fisher
232 Stanley W. Angrist
234 Srully Blotnick

MONEY & INVESTMENTS

33 What's Ahead For Business
34 The Forbes Index
217 The Forbes/Wilshire 5000 Review

Cover illustration by Chas. B. Slackman



48 *Giants battle over a shrinking market*

100 *Indian businessman Dhirubhai Ambani*

100 "A Lot Of American Companies Are Like Taxis"
Dhirubhai Ambani outrages India's establishment while building a business that could compete anywhere.

INVESTING

38 Global Gold Rush
Is South Africa still the linchpin for gold?

110 A Gnome Named Gut
In a world of strong stock markets and a weak dollar, here is one Swiss banker's suggested investment strategy.

143 Vital Signs
Some investors see opportunity in hospital bonds.

181 The Funds: Technology Time?
Overseas and specialty-retailer stocks are in. So maybe it's time to look at a fallen star. Also: In search of excellence.

220 Statistical Spotlight: Another Nifty Fifty
The Nifty Fifty crumbled more than a decade ago. Today's glamour stocks are different, but are they better?

238 Streetwalker
CBI Industries; Becor Western; Up-Right; Kollmorgen; Standard Brands Paint; James Finlay.

CRIME

146 A License To Steal
Convicted swindler Michael Hellerman became a protected federal witness 13 years ago. He's on the loose again.

TAXING MATTERS

94 Paper Profits, Real Taxes
Congress raged at companies that took advantage of earlier loopholes, so now it wants to tax profits that don't exist.

ON THE DOCKET

96 Let The Seller Beware
Hyping an investment can ensnare a gullible client. And it can also get the huckster hauled into court.

MARKETING

182 Mass Production? Yech!
Can Hermès, with its elegant image, $1,700 handbags and $650 silk sweatshirts, attract younger customers?

184 "Bad Judgment And Terrible Management"
A fine brand name is no guarantee of success. For proof try The John B. Stetson Co., in Chapter 11.

SCIENCE & TECHNOLOGY

188 Does Physically Fit Mean Fiscally Fit?
These days J.P. Morgan would have a hard time getting a job on Wall Street. That paunch would turn off recruiters.

PERSONAL AFFAIRS

196 Body Talk
You may be in seeming good shape, but a regular physical exam is still a must. Also, where to go for expert help.

198 Have I Got A Money Manager For You
Looking for the right money manager? Wall Street will play matchmaker. Also: Don't just refinance, prepay.

CAREERS

204 Rhodes To Glory
Here's the skinny on academia's Big Prize.

FACES BEHIND THE FIGURES

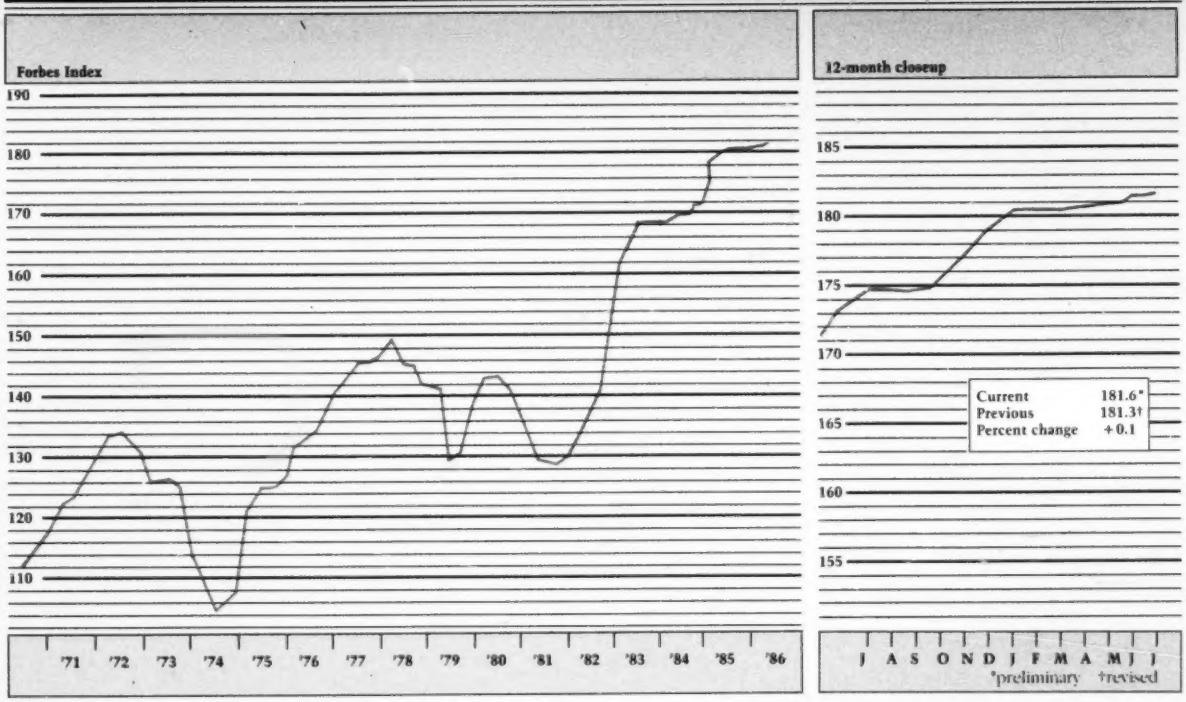
206 Lloyd Reuss, *General Motors*
206 Arthur Laffer, *A.B. Laffer Consultants*
207 Ramesh Chauhan, *Parle Exports*
207 Preston Wilbourne, *Air Wis Services*
210 Neal Meehan, *Chicago Airlines*
210 Harvey R. Bright, *Dallas Cowboys*
212 Louis Metzger, *J. David & Co. trustee*
212 Phillip Carroll and David Steele, *Three Buoys Houseboat Vacations*

September 22, 1986 Volume 138 Number 6 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



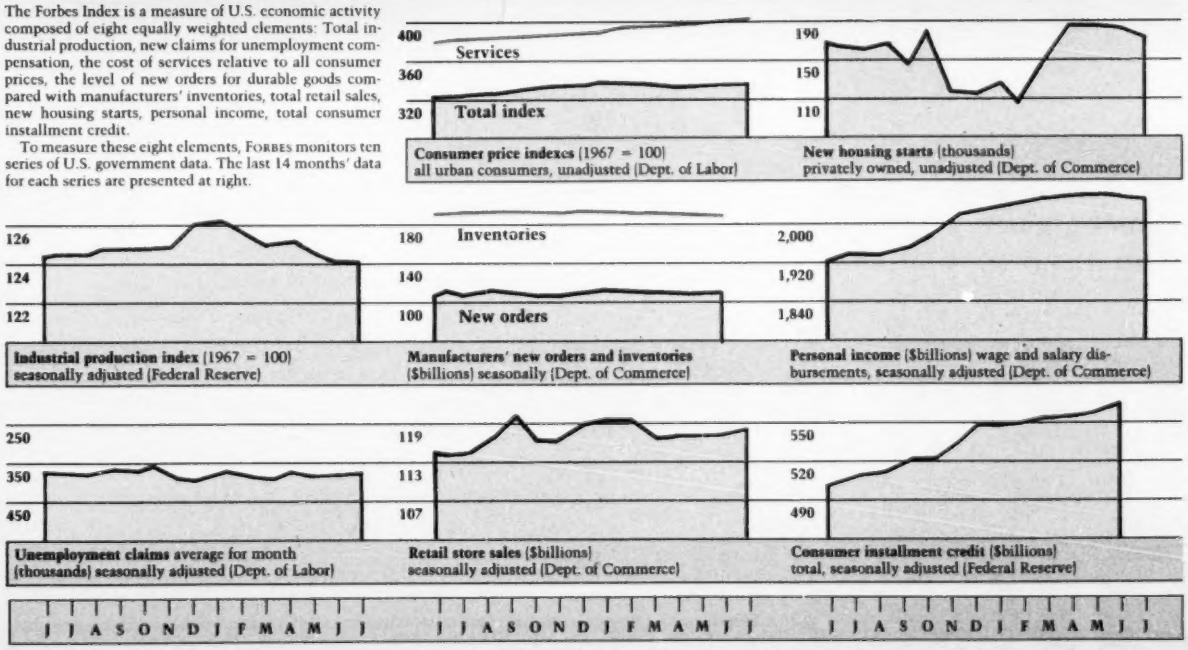
Slow boat to growth. The Forbes Index inched up 0.1% during the latest reporting period. From January through July the Index grew at a lackluster 2.7% annual rate, compared with a 3.8% rate for the same period in 1985. Pushing the Index up was a technical factor (a 0.3% rise in the ratio of services to the total Consumer Price Index) and a 0.1% drop in new unemployment claims.

Although new housing starts stand some 9.3% higher than they did in July 1985, they recorded a 4.5% drop from June to July of 1986, despite the steep decline in mortgage rates. Meanwhile, personal income decreased 0.2% in July. Coupled with the historically high level of consumer debt, that indicates consumer spending may tail off in the coming months.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Forbes

What sent gold climbing? Nothing so fundamental as inflation. So don't consider demand alone. Look at the supply side.

A yen for gold

By Edwin A. Finn Jr.

If South Africa and the recent price action have you thinking about gold, think about this: South Africa is fast becoming less important as a gold producer. Other countries around the world are digging new mines and pushing more bullion into the market every day.

Already South Africa's share of world gold output has dropped to 41%, down from 67% two decades ago. By 1990 it could be as little as 33%, regardless of politics.

One reason widely cited for the price runup was fears that gold shipments from South Africa would be cut off. An unlikely possibility that, but even if it occurred it would no longer mean what it once would have meant to the price of gold.

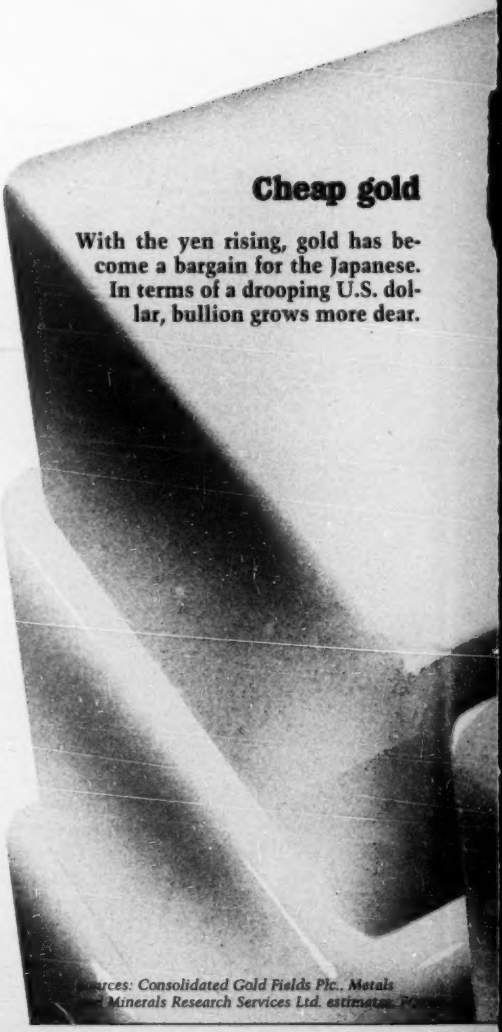
Since 1980, gold production outside South Africa has been expanding at around 13% annually *(see chart)*. Why the modern-day gold rush? Well, to put it simply, the price is right.

South African mines, with rich grades of ore and low wages, can remain profitable at prices as low as $160 an ounce. Mining elsewhere tends to be more costly and needs a higher price. But, since 1979, gold prices have remained above what's known as the threshold range—between $250 and $300 an ounce. That makes it feasible to produce gold and dig new mines in such countries as China, Brazil and the U.S.

This mining expansion is heralding a new era in gold investing, according to Reginald Eccles, managing director of Metals & Minerals Research Services of London. Eccles argues that gold prices will no longer be so heavily swayed by South Africa. Instead, Eccles contends, bullion prices will be determined largely by commercial demand and by output in the world's newly important gold-producing countries.

The Soviets, meanwhile, seem increasingly eager to sell bullion to the West, especially with oil prices so low. Late last year, when oil prices slumped, the Soviets became heavy gold sellers because they needed cash to make up for fallen oil receipts. The selling binge continued into early 1986, though it has since abated somewhat.

Clearly, there's plenty of gold to go around. Eccles estimates that after coin and jewelry makers' needs were met and industrial users were satisfied last year, 55 fresh tons of gold were available to investors. That's $683 million worth. The annual surplus could reach 195 tons this year and 260 tons in 1988. This at a time



Cheap gold

With the yen rising, gold has become a bargain for the Japanese. In terms of a drooping U.S. dollar, bullion grows more dear.

...urces: Consolidated Gold Fields Plc., Metals ... Minerals Research Services Ltd. estimates

when inflation appears tame.

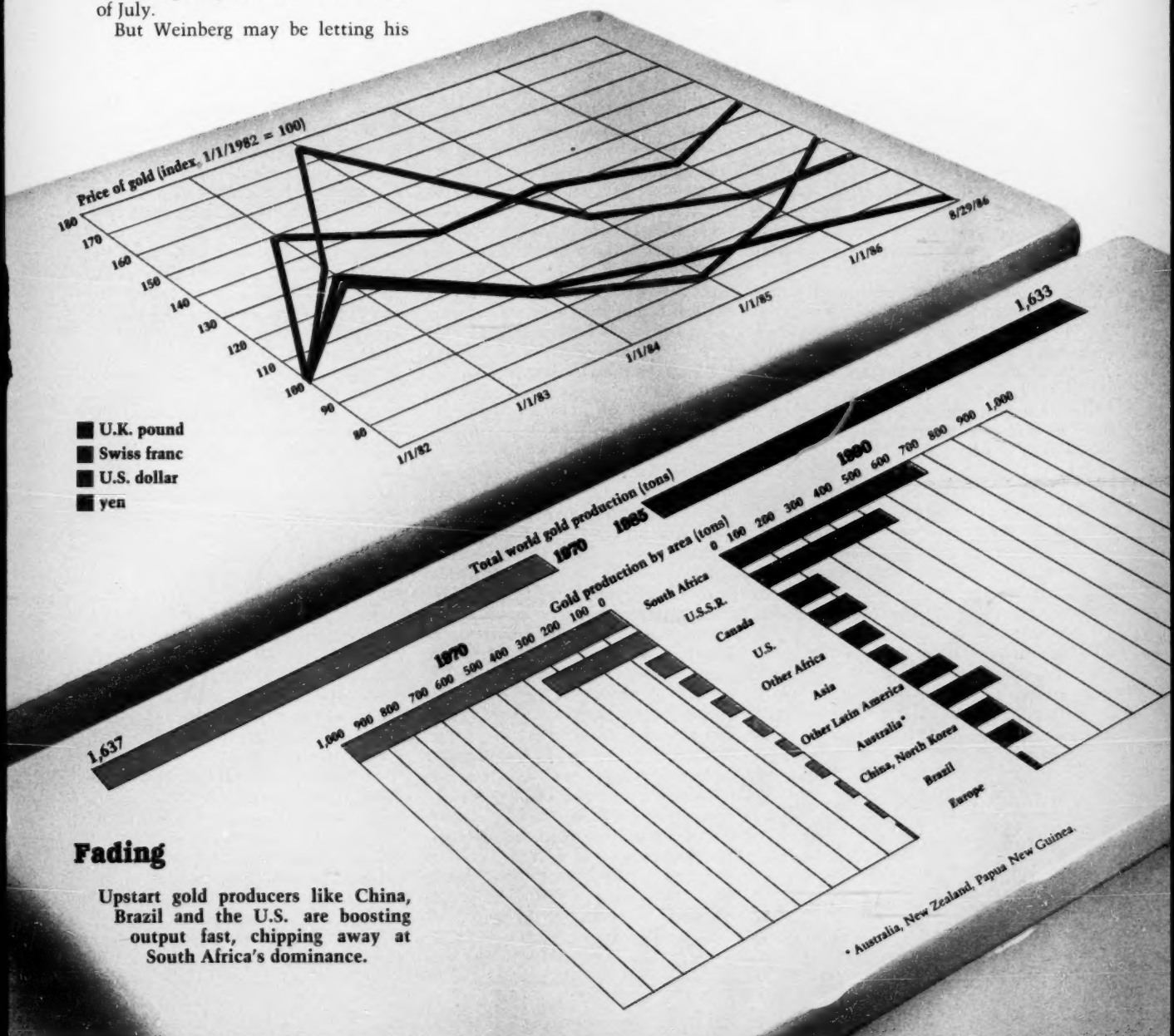
There will always be investors who, nervous about one thing or another, want to buy gold. Robert Weinberg, precious metals analyst at James Capel & Co. in London, says his phone has been buzzing lately with inquiries about gold. "We've heard from investors we haven't heard from since 1980," he says. "With people nervous about stock markets and bond markets, and the possibility of inflation creeping back, I think it's going to continue."

Weinberg is still bullish on South African gold shares, some of which have jumped up 40% since the middle of July.

But Weinberg may be letting his hopes influence his thinking. Behind the recent strength in gold are several factors that will probably prove temporary. Weakness of the dollar, for example. While the price of gold has risen sharply in dollars this year, that barely makes up for what the dollar has lost since January against other currencies, such as the German mark and the Swiss franc.

In terms of the Japanese yen, gold is actually far cheaper than it was at the beginning of the year. The rise in the yen has made gold incredibly cheap in Tokyo *(see chart)*. The Japanese bought 435 tons in the first six months of this year, more than double what they bought all last year. For Japanese investors, with plenty of dollars at their disposal, gold thus becomes a nice hedge.

That kind of boost in demand looks like a one-shot event, unlikely to recur—barring a collapse of the dollar. Let's put it this way: Once the Japanese satisfy their yen for gold, there is little in sight that could push the price of gold a lot higher. The fundamental forces at work in the world economy remain deflationary, and deflation is not good for gold under current circumstances. ■



Fading

Upstart gold producers like China, Brazil and the U.S. are boosting output fast, chipping away at South Africa's dominance.

OPEC's attempt to hold the world's oil users to ransom failed, but the next oil crunch will be rougher and probably irreversible.

We are living off our capital

By Norman Gall

WORLD OIL PRODUCTION peaked at 65.7 million barrels daily in 1979, the year of the second oil shock and $30-plus oil. Under the pressure of high prices, production fell to 56.4 million by 1983, and now OPEC is seeking to trim it by another 3.6 million barrels in an effort to halt the collapse of prices.

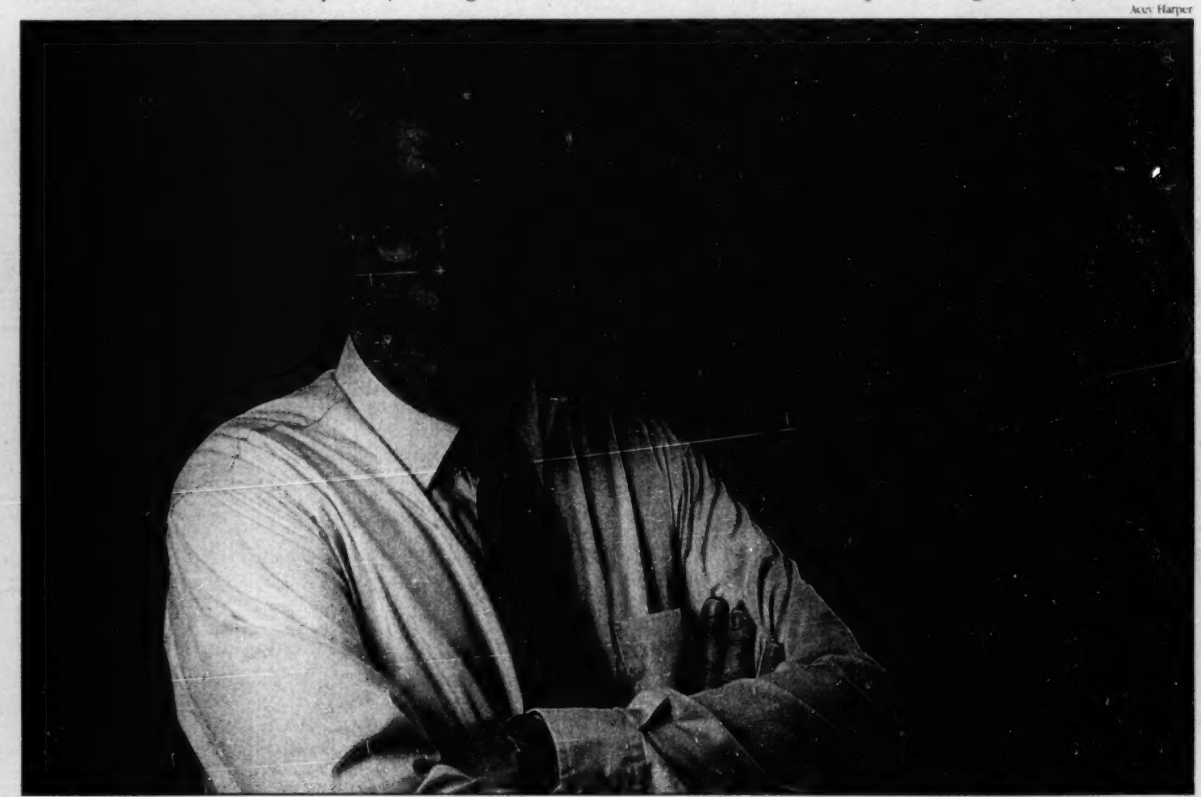
But here is something the world ought not to forget: Regardless of price, oil is being consumed faster than it is being discovered. We are living off stored wealth. Even if OPEC succeeds in holding down production, world consumption will still be at an annual rate of nearly 20 billion barrels a year, about 5 billion more than are being found. (While 35 billion barrels of oil were found yearly in the 1950s and early 1960s, annual discoveries now are down to barely 40% of that.)

This living off inventory persists despite improvements in oil-finding technology and nearly fivefold growth in world investment in exploration and development from 1974 to 1982.

Isn't this an old story? Hasn't the oil industry complained in the past that we were running out of oil? Yes, but this time is different, argues David R. Kingston, a recently retired senior geologist with an Exxon unit in Houston. Things are different, he says, because past fears of shortage were alleviated by new geophysical techniques that led to discoveries of more giant pools of oil. Says he: "Huge amounts of oil were found in big basins lying beneath surface anticlines [arching folds]." But further such major discoveries are unlikely.

Explains Kingston: "By the 1960s

Acey Harper



Petroleum geologist Joseph Riva
"The Middle East will have to make up the difference—producing half the world's oil by around 2005."

and 1970s companies were drilling in basins that didn't look very good, in central Africa and the Chaco of Bolivia and Paraguay, just on the chance that they might have overlooked something. A group of us, known at Exxon as the Rover Boys, wandered around the sub-Saharan regions. By now there are few unexplored basins left. The offshore continental margins are being intensively worked. As you go further offshore, the geological prospect becomes poorer."

Meanwhile, estimates of undiscovered resources are being cut. "We had great hopes for the Overthrust Belt in the Rockies, but it hasn't yielded as expected," says Charles D. Masters, in charge of the U.S. Geological Survey's worldwide estimates. "Our estimates for Alaska are likely to be cut, to 5 billion to 10 billion, from 10 billion to 20 billion barrels, because the biggest prospects didn't work out.

"A $1.6 billion dry hole was drilled in 1983 in the Mukluk well, on an artificial island built in the Beaufort Sea to protect against ice, into an extremely promising structure similar to Prudhoe Bay, the biggest U.S. producing field. The Beaufort structure was gigantic, but the oil had escaped.

"In Alaska's Navarin Basin, 600 miles offshore and as big as the Gulf of Mexico, nine dry holes were drilled by Exxon, Arco and Amoco. When you drill so many dry holes into a big basin, it's a huge disappointment.

"On top of this, Shell in 1984 drilled four wells in the deepest water ever penetrated by oil exploration, going as deep as 7,000 feet in the Baltimore Canyon off the Atlantic Coast. The four holes were dry."

Among the the best-informed people on the subject of world oil reserves is Joseph P. Riva, a veteran geologist who now works in Washington at the Congressional Research Service of the Library of Congress and the author of *World Petroleum Resources and Reserves.* Riva explained to FORBES why the world may have less recoverable oil than it formerly thought.

Riva: If there's no political crisis, the world could produce at current levels —20 billion barrels yearly—for about another 36 years. [But] the geographical distribution of production is going to change very fast. Last year the Middle East produced 10.3 million barrels daily, or 19% of the world's oil. It has 57% of all proven reserves and one-fourth of undiscovered resources. As output in other areas declines, especially as the Western Hemisphere production falls fast, the Middle East will have to make up the difference.

By around 2005 the Middle East will be producing 26 million barrels daily, or half the world's oil, from its enormous resources. By 2021 the Middle East will be producing three-fourths. But by then [Middle Eastern] capacity would be so strained that world production would start falling by 2022.

But U.S. production is still close to 9 million barrels per day. What about Mexico, Venezuela and Canada? What about that billion-barrel field that Occidental found last year beneath the eastern plains of Colombia?

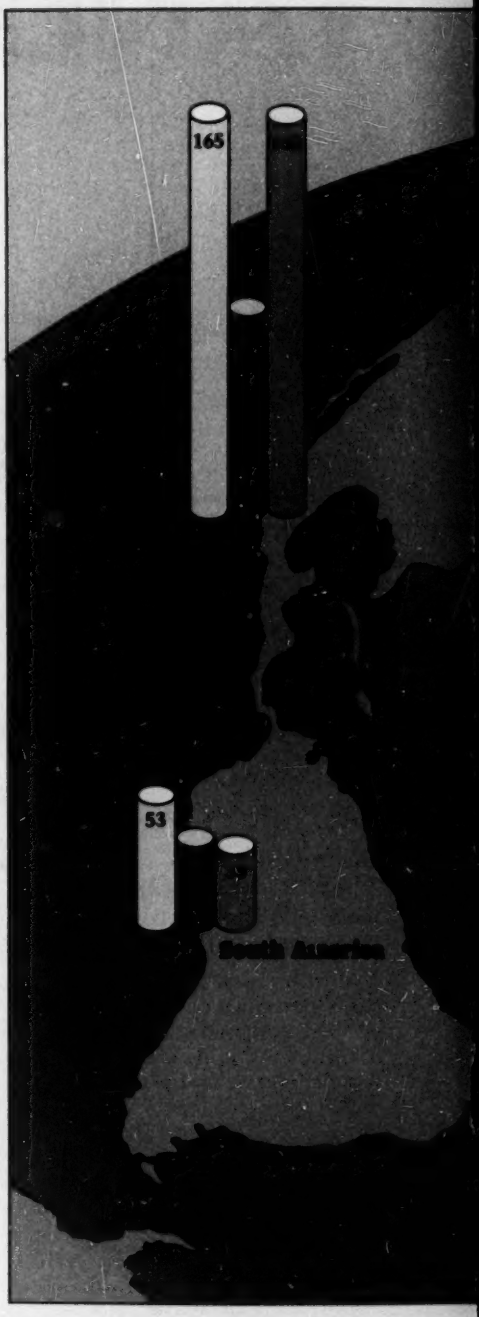
Riva: You must look at these things in perspective. The world is consuming the minimum recoverable reserves of four supergiant fields every year. Each supergiant must have at least 5 billion barrels proven, and only 37 of them have been found in the world. Of these, 26 are in the Middle East.

The last U.S. supergiant found was Alaska's Prudhoe Bay in 1968. Since then only two more supergiant fields were found in the world, both in Mexico. Production at Prudhoe Bay, with 9.5 billion barrels proven, has peaked at 1.5 million barrels daily and will begin declining by 1988-89. Without this supergiant field, the fall in U.S. production since 1970 would have been far greater.

The best geological prospect in North America is the huge undrilled Marsh Creek anticline in Alaska's Arctic National Wildlife Range, east of Prudhoe Bay. Some of these are Indian lands. Environmentalists so far have blocked drilling in the area. Marsh Creek could be another Prudhoe Bay, with a potential 10 billion barrels, which could stretch out Alaska's production at present levels for another five or ten years. Or it could be another Mukluk, a marvelous structure from which the oil escaped millions of years ago. You can't tell until you drill.

But even discovery of another supergiant field won't change the overall resource picture. As it now stands, U.S. production will fall by another 17% to 20% by 2000 and start falling much faster after that. Oil company presidents have told me that they have basically given up on finding large amounts of new oil in the lower 48 states. That's part of the reason companies now are laying off geologists and engineers.

Higher prices would keep more drilling rigs working and more oil pumping for now. They would delay a steep production fall for a few more years. But the fall would be much steeper later on.

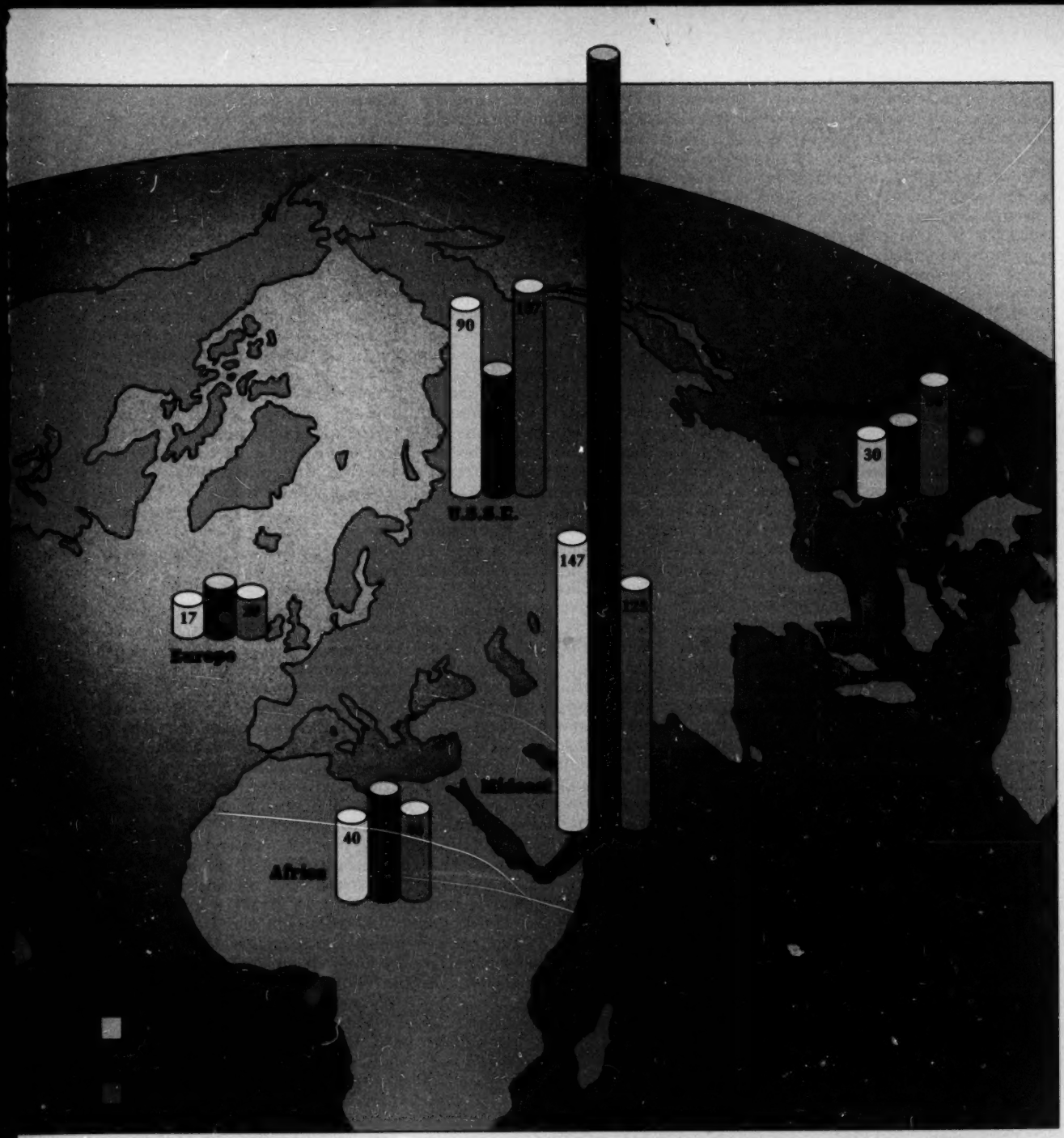


Mexico?

Riva: The U.S. consumes about 15 million barrels daily, while Mexico last year produced only 2.8 million. Mexico probably can't produce more than 100,000 to 200,000 more than they're pumping now.

But in 1983 you put Mexico's reserves at 57 billion and wrote: "Mexico could considerably increase oil production."

Riva: The 57 billion was Mexico's official reserve estimate, which was exaggerated. We had no independent way of verifying this claim. The overesti-



mation of reserves came at the time Mexico was borrowing lots of money. Since then the U.S. Geological Survey and the Department of Energy did their own estimate and put Mexico's reserves at 26.5 billion.

How much longer can Mexico produce at present rates?

Riva: Lack of investment today is shortening the life of Mexico's best fields, which are being produced too fast. They don't have money to build enough platforms in their offshore fields in the Gulf of Mexico, so too few platforms each are producing too much oil. In the short term you get more money for your investment. The Mexicans' reasoning is that this is all we can afford. We've got to get as much money as we can because we're in such dire straits financially. So they're producing two or three times faster than they should to maximize the lifetime of the field and the amount of oil lifted. Engineers who've been on those offshore platforms tell me the platforms are shaking from producing at such high rates.

Today Mexico's big onshore fields, such as the Reforma, already are being water-invaded, even though they were discovered as recently as 1972. The new supergiants, the Bermudez field onshore and Cantarell offshore, are ancient reefs with geology much like the Golden Lane, Mexico's bonanza during the First World War, which produced one-fourth of the world's oil in 1921 but then fizzled out quickly. Today Mexico has bigger reserves, but it's also producing much faster.

What about the Soviet Union, a very old

producer? In Marco Polo's time, 700 years ago, naphtha was exported by camel from the Caucasus-Caspian Sea region.
Riva: The Soviet Union came to lead the world in oil production in 1974 and in gas production in 1984, in both instances overtaking the U.S. During the 1970s it raised its oil output from 7 million barrels daily to 12 million. It drew on previous big discoveries to cut its reserves/production ratio from 23-to-1 to 13-to-1. It peaked at 12.3 million barrels daily in 1983 and now is in decline. The fall was 2.6% in 1985 and may reach 5% yearly in about five years. Gorbachev and company are trying hard to reverse or at least slow this decline.

About a third of the enormous Soviet oil production comes from two supergiant fields: Romashkino, discovered in 1948 in the Volga-Urals, which is the world's fourth-largest oil province, and Samotlor, discovered in 1966 in West Siberia, the third-largest province. Output from both supergiants is falling. There isn't much chance of other supergiants being found, given the amount of drilling already done in their good oil basins.

The Soviets feel the onshore Vilyuy Basin in Eastern Siberia might have lots of oil, but the source rock is pretty deep, making the area gas-prone instead of oil-prone. They have found mainly gas in the basins they've drilled. They need oil, not gas. Their gas reserves already are six times those of the U.S.

The trouble with finding oil in many smaller fields to replace the few giants and supergiants is that the Russians are not organized to produce from many small fields. They don't have the mom-and-pop drilling companies we have in the U.S., which are always poking around our basins and are always happy to find a small field.

Geologists have been wrong many times before.
Riva: If you're in a room with geologists and lawyers and economists, the geologists always seem pessimistic about future discoveries of big fields, while the lawyers say you can find them if the laws are right, and the economists say you can find them if the price is right.

Nothing seems impossible unless you have to do it yourself. The geologists have to find the oil prospects. There's a consensus in our profession that we're now seeing diminishing conventional oil horizons. In the past there always was unexplored territory. But now we recognize that there are about 600 sedimentary basins in the world. Most but not all of these basins have been drilled. Of the 600 basins, about 400 have been looked at extensively. Of these 400, only a very small number produce large quantities of oil. Most of these basins are barren. There might be 200 basins left that have been drilled either sparsely or not at all, although they're known geologically in terms of their rock volumes, depositional history and structural configurations.

Most [of the overlooked or sparsely drilled basins] are in difficult regions like the Arctic or under deep water. Or they're in areas closed to drilling for political reasons, as China was until recently. The thing about these basins is that they're mainly small. They're mostly in geological environments that are not conducive to the scale of oil generation and entrapment that creates big fields. In nearly all assessments of future oil discovery and recovery, these basins are given chances. Numbers are assigned indicating that oil and gas may be produced from them some day. But the expectations are not high. When these basins are drilled—like Navarin off Alaska or the Baltimore Canyon—the results tend to be disappointing.

Last year Petrobras, the Brazilian state oil company, found a giant field in the South Atlantic under 3,000 feet of water. Doesn't this mean that there still are substantial oil resources on the world's continental slopes that haven't been touched?
Riva: Technically speaking, it's difficult and expensive to drill for oil and to establish platforms and other production systems in deep water. Today no oil is being produced from those depths anywhere in the world. It will be hard for Petrobras to get that oil.

What does the looming scarcity mean for the future?
Riva: People will be surprised, as they always are, especially since prices now are so low. There's no greater economic resource concentration than a supergiant field. It's the kind of thing civilizations are built on. Since it looks as if few other supergiants will be discovered, people are going to be poorer with scarcity, unless there's a technological breakthrough.

What will happen is that more human and material resources will have to be committed to produce energy. A single well in a supergiant field can produce 10,000 or 20,000 barrels daily at a trivial cost in money, involving the labor of very few people. The world still has huge resources in nonconventional oils, which can't flow from a well. In Venezuela's Orinoco heavy oil belt, where a trillion barrels are said to be, you have to burn a barrel to get two to the surface. Each well may produce only 100 barrels daily, so you'll need hundreds of wells to get the production you get now from one well in a supergiant field.

When you get the stuff to the surface, you have to put it through chemical and mechanical processes to extract the nickel, vanadium and other metals that foul the refining process. You'll need more equipment and infrastructure, employing thousands of workers to produce the same amount of oil that used to require just a handful. This will be a great challenge to our organizational capacity. However, you never know what human ingenuity can provide.

One thing it can't produce is any additional easy-to-get-at oil.
Riva: That's right. ■

John Lewis Stage/Image Bank

Oilfields in Kuwait
Only 37 supergiant fields have ever been found—26 in the Middle East.

For truckers these days, there is less freight to haul and more competition. But good management will out.

The road ahead is wide open

By Barry Stavro

EVERY TIME a competitor goes bankrupt, Harwood Cochrane, 73, chairman and founder of Overnite Transportation Co., puts the failed trucker's logo up on his red brick wall. Underneath a sign that reads "Deregulation done 'em in," Cochrane has mounted 47 company logos, with room for plenty more. "I want my employees to know we're not guaranteed to be here." Cochrane laughs, but it is not a hearty laugh. More a nervous one.

The trucking industry was deregulated in 1980, and the shakeout is far from over. Last year the American Trucking Associations counted 1,533 failures, and estimated one-third of its fraternity was losing money. ATA says another 250 companies are staying in business only because the Employee Retirement Income Security Act would force them to pay huge pension fund contributions if they closed down.

And yet, despite the wreckage littering this gritty and tough industry, among the certain and profitable survivors there are now five major players: Consolidated Freightways, Yellow Freight System and Roadway Services—the so-called big three, each with about $1.5 billion in trucking revenues last year—plus a couple of smaller but beefy entries, Carolina Freight and Overnite Transportation. Analysts expect earnings of all five to grow 10% to 14% a year over the next five years.

Why them? They have distinct but well-thought-out business strategies, little debt and efficient truck fleets, and they are masters at moving less-than-truckload (LTL) shipments of under 10,000 pounds. LTL is where the money is these days. Rates for LTL shipments run about three times the price per ton of full-size truckload freight.

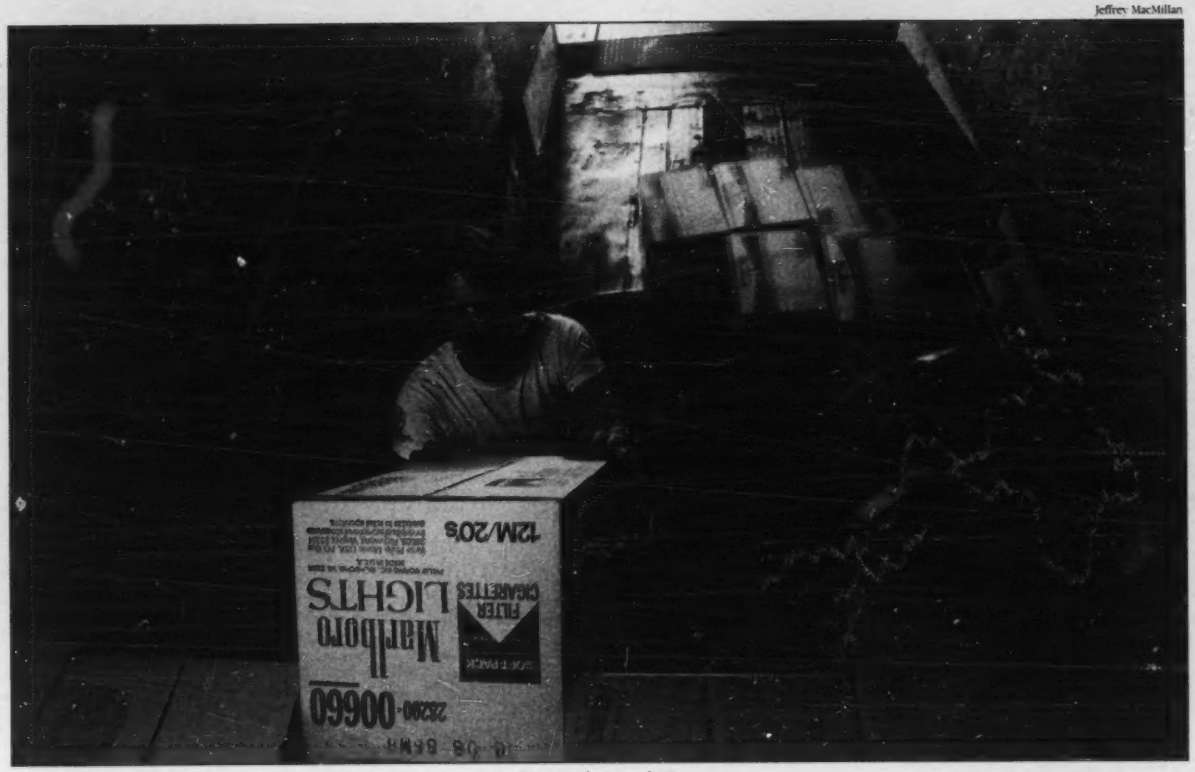
Even though the 2 billion tons of freight hauled by trucks in the U.S. last year was down 9% from 1978—a decline in heavy industries has hurt—the shift toward leaner inventories and just-in-time deliveries is ideal for those who can smartly manage smaller shipments.

These five companies, the best of

John Neubauer

Overnite Transportation's Harwood Cochrane (left) *and William Duke Jr.*
"We've always had the privilege of managing our own affairs."

Jeffrey MacMillan



A nonunion dockworker at an Overnite truck terminal in Richmond, Va.
On a given day, a truck driver may pitch in on the docks.

the lot, still haul barely 1% of all truck freight. They are growing because they already have what is needed to make the LTL business work: a sprawling, expensive network of shipping terminals fed by an extensive, up-to-date truck fleet and organized by modern computer systems that keep track of it all.

By comparison, when McLean Trucking, the nation's fifth-biggest trucker, went bankrupt in January, it was driving with a weirdly mismatched truck fleet. Overnite's sharp-eyed Chairman Cochrane passed on McLean's liquidation sale of equipment. "McLean had two types of tires, two types of wheels, at least four different types of engines in vehicles. It was an impossible situation. We have one [type of] spare tire that fits every truck we've got."

What about competition from the railroads? "The rails can't compete with you except on their main lines, Chicago-New York, Chicago-Dallas," says Carolina Freight's Chief Executive Kenneth Younger. "From Chicago to the Carolinas, forget it. Roughly 70% of the communities in the U.S. are still served by truck."

Look at Consolidated Freightways, based in Palo Alto, Calif. Each day 43 million pounds of freight move through its nationwide system of 543 truck terminals. CF can offer service to 60,000 communities because it anticipated deregulation and spent $250 million to triple its terminal network in the past decade. A typical LTL shipment weighs 780 pounds, travels 1,375 miles, is handled four times and arrives in five to six days. "We operate like the Pony Express, except we're changing drivers instead of horses," says CF President Lary Scott.

Pony Express maybe, but with computer-driven ponies. One truck might carry 50 different shipments—Diet Coke labels, chain saws, surgical gloves, Sperry personal computers. Parking spots and unloading are programmed electronically. So trucks are backed into the most efficiently situated freight bays. Freight bound for the busiest destinations is loaded in the middle of a terminal to shorten trips for forklift operators. A computer printout also tells dockworkers where each shipment goes next. This is a critical timesaver because there might be 110 trailers waiting to be loaded.

Why all the electronics? Teamsters labor costs about $21 an hour in wages and benefits. You don't use any more of that kind of labor than is absolutely necessary. Labor eats up 60% of CF's sales. Thanks to computers, CF President Scott figures his dockworkers handle 3,540 pounds of freight an hour, compared with 2,400 a decade ago.

Other efficiencies come from hauling freight in twin 28-foot trailers, legal in all states since 1982, instead of the less efficient 45-foot trailers. The twins have 25% more cubic space, and, with computer analysis, sometimes the smaller trailers can skip one step in the handling and unloading process. Saving that one step last year saved CF about $20 million.

What Carolina Freight has lacked in size ($523 million sales) it has made up with electronics even more advanced than at Consolidated. Carolina Freight, based in Cherryville, N.C. (pop. 4,800), has doubled in sales in the past five years while averaging an 18.2% return on equity. For the past two years Carolina customers have been able to call a toll-free number 24 hours a day to get both pricing information and en-route tracing of their shipments. The system logs 27,000 calls a month, and information is read back to the shipper by computerized voice. Punch in the code numbers by phone, and shipments are traced within 60 seconds. Before computers, "It could take a day and a half," says Carolina's Younger.

But while others rely on computer hardware, Harwood Cochrane's key at

Five trucking stalwarts

As other truck freight haulers go bankrupt, the five companies listed below will inevitably pick up some of the business others leave behind. Analysts expect this quintet to grow earnings from 10% to 14% a year for five years, as they make use of an efficient, nationwide network to move freight door-to-door.

Company	1985 sales (millions)	Profits (millions)	EPS	Recent price	Latest 12 months high	Latest 12 months low	P/E ratio	Strength	Weakness
Consolidated Freightways Inc	$1,900	$79.3	$2.07	30	34½	19¼	14	well-run nationwide delivery; fast-growing regional trucking group	air-freight business still losing money
Roadway Services Inc	1,600	75.9	1.90	37	45¾	27½	19	efficient nationwide network	new package system competes against UPS
Yellow Freight System Inc	1,500	55.5	1.95	35⅛	41½	16⅝	18	growth in less-than-truckload freight	diversification strategy less defined than rivals'
Carolina Freight Corp	523	14.5	2.26	37	40	20⅜	16	best computer system, can expand from its regional base	Texas trucking subsidiary still in the red
Overnite Transportation Co	470	39.0	1.42	33¼	36	16	23	nonunion, low labor costs, still has territory to expand into from its eastern base	must play catch-up in computer operations

Overnite Transportation is old-fashioned nonunion manpower. "We've always had the privilege of managing our own affairs," says Cochrane. He started his company in 1935 with $3,000 after dropping out of high school to drive a milk truck. Overnite President William Duke Jr. says his labor runs about $16 an hour in wages and benefits, compared with the Teamsters' $21 an hour. "I'd kill for those labor costs," says Consolidated Freightways' Lary Scott. Labor is one reason Overnite's 8.3% profit margin last year was double the average of the major truckers.

But hourly wages are only part of the advantage that comes from being nonunion. In most union truck terminals, Teamsters dockmen unload freight while Teamsters drivers just drive. At Overnite the drivers can help out unloading or even work as cashiers in the office, while a mechanic might fill in behind the wheel.

The Teamsters, understandably, would like to make a dent at Overnite, but have won only one organizing election involving a small group of Overnite drivers in Chicago. Cochrane keeps employees happy with perks—like the right to buy up to 300 shares of stock a year on option. Overnite's stock has moved from 2¼ in 1980 to 33 recently, so there are plenty of takers.

Overnite's labor edge hasn't been ignored by the competition. Consolidated Freightways, Roadway and Carolina Freight have all set up nonunion trucking companies in the past couple of years to compete in shorter-haul (250 to 500 miles) markets. Here the competition is usually smaller, family-owned firms, which, for the most part, can't match the big players in computer sophistication or financial muscle. After just three years, Consolidated Freightways' three regional trucking companies might hit $150 million in sales this year, with operating profits of $15 million.

As good as the less-than-truckload business has been for these guys, several companies are diversifying into related businesses. The most adventurous is Roadway's move to take on mighty United Parcel Service in the small-package business with its year-old Roadway Package System. RPS, a nonunion operation, is trying to pick off some of UPS' business by offering better service. How? RPS' sorting terminals are highly automated, with overhead lasers that scan the bar codes on every package as it passes on the conveyer belt. That enables RPS' shippers to call and get up-to-the-minute tracing reports from a computer. UPS, meanwhile, says it can answer a trace request within an hour.

Yet UPS ($7 billion sales) so dominates the small-package market that this year RPS' operating losses might run $18 million on $70 million sales. Still, smart management invests for the future even at the cost of current earnings.

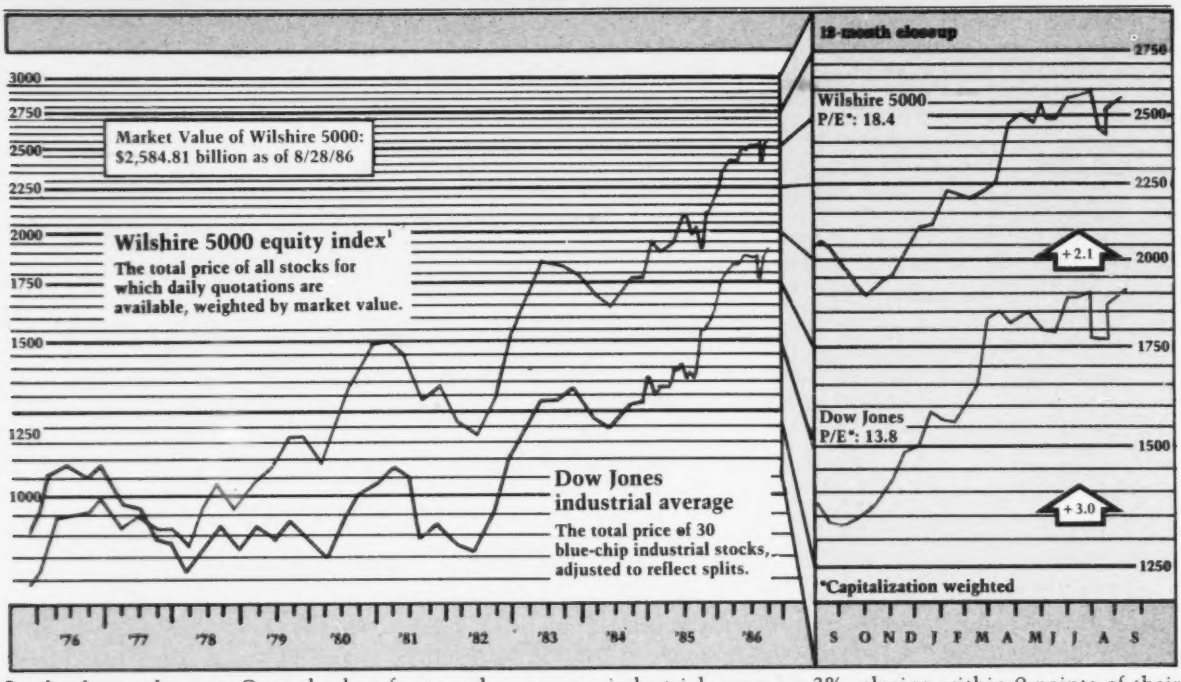
Notwithstanding deregulation, rising insurance and fuel costs, plus the mushrooming of costly state axle taxes, trucks can still move freight from one point to another as efficiently as any method of transportation. But—as the defunct logos on Cochrane's walls illustrate—it is not every management that can cut it. ■

John McDermott

Consolidated Freightways' Lary Scott
Pony Express gone computer age.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Institutions miss out. Over the last four weeks energy stocks gained 15.8%, far outpacing the Wilshire index' 6.2%. Leading the upswing were Exxon and Royal Dutch, both of which set new highs and both of which are underweighted in professionally managed accounts (FORBES, *Aug. 25*). Royal Dutch is up more than 50% over the past year.

What were investors buying other than oils? Mostly blue chips. During the last ten trading days the Dow industrials were up 3%, closing within 9 points of their early July peak. The New York Stock Exchange ended the period up 2.4%. That put it just 0.1% off a new high reached on the previous day. Over the same stretch the not-so-blue-blooded Nasdaq and Amex were up 0.8% and 0.7%, respectively.

A cut in the discount rate by the Fed followed by a drop in the prime rate by large banks could enable Wall Street to continue its climb into unknown territory.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	6.2	6.9	7.0	6.9	4.5	3.0
in last 52 weeks	31.5	29.7	42.3	32.7	16.6	28.6

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	7.5	2.7	3.0	4.2	3.2	4.1	5.9	4.0	4.1	4.5	4.8	1.9
in last 52 weeks	34.5	40.1	57.1	35.9	20.9	38.8	30.7	39.6	52.4	43.4	45.2	23.5

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

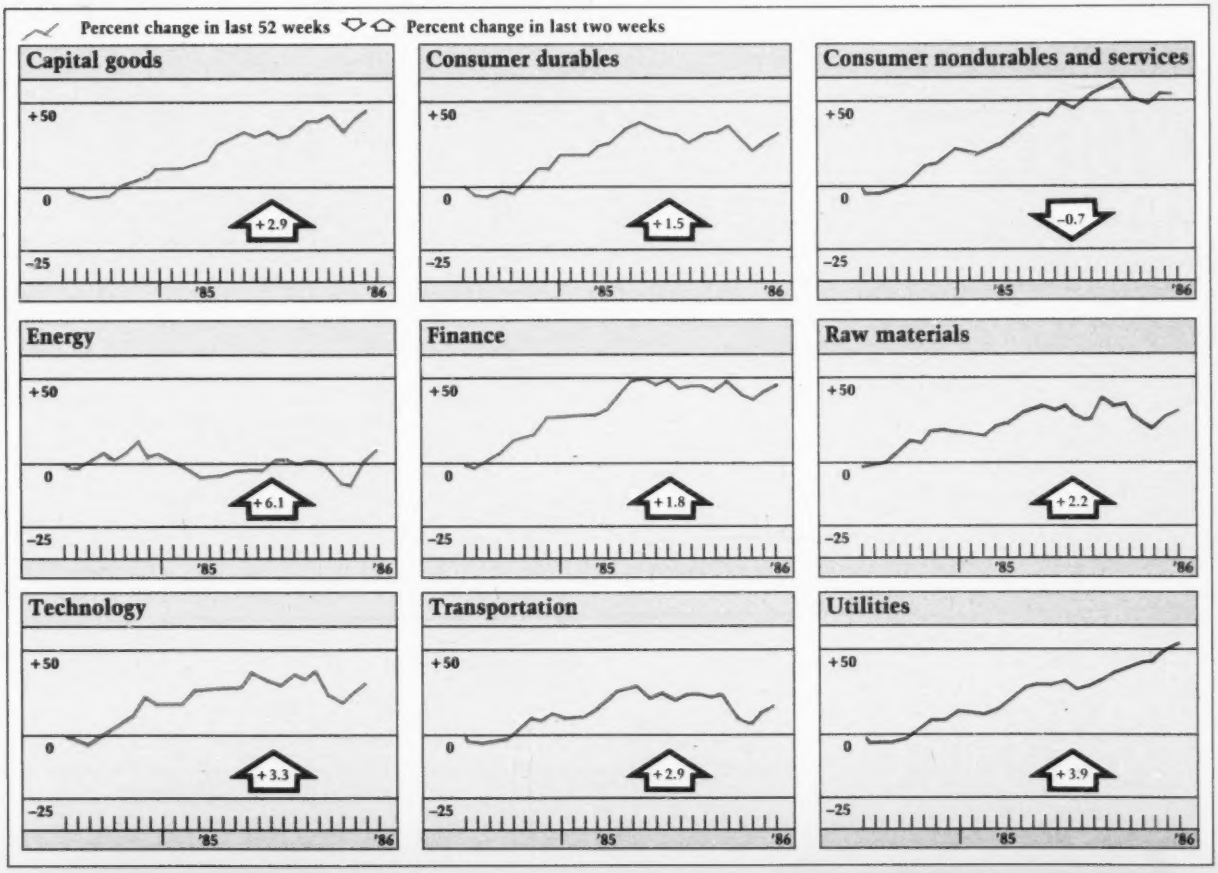
Note: All data for periods ending 8/28/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Gay French

Where The Action Is

Weak spot in a strong market. The consumer nondurables group, with a 0.7% two-week decline, was the only Wilshire sector to lose ground over the past two weeks. Despite this small setback, consumer nondurables still holds the best 52-week record—a gain of 47.9%, vs. only 31.5% for the Wilshire index. The recent decline in the group was broad but shallow, with only a few sharp losses: Adolph Coors, which fell 12% in the two-week period, and Marion Labs, which fell 11%. Marion, at 62 times earnings, has nearly tripled in less than a year on hopes for its new hypertension drug.

The strongest of the nine sectors was energy, which gained 6.1%. Five other sectors outperformed the 2.1% advance in the Wilshire index.



What The Analysts Think

Too late to help. The oil market appears to be stabilizing, and Wall Street is betting that things will improve for this industry. But security analysts don't think the recovery will come fast enough to boost the 1986 earnings of many oil firms. During the last two weeks analysts cut their 1986 estimates for energy stocks by 3.3%.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.73	17.0
1986 estimates	3.36	13.8
1987 estimates	3.96	11.8

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Utilities	$3.27	11.2	-0.22%	-0.53%
2	Consumer durables	3.94	10.5	-0.48	-1.20
3	Consumer nondurables	2.13	17.2	-0.57	-0.61
4	Raw materials	1.81	17.0	-1.26	-2.18
5	Finance	3.31	11.4	-1.32	-2.85
6	Technology	2.56	15.0	-1.60	-2.19
7	Transportation	1.61	17.3	-1.76	-6.57
8	Capital goods	2.41	16.3	-1.76	-3.67
9	Energy	2.13	14.9	-3.27	-4.71

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 8/28/86. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.

C 39.50-1

OCTOBER 6, 1986 THREE DOLLARS FIFTY CENTS

Forbes

SHELL OIL'S JOHN BOOKOUT

HOW LONG BEFORE OPEC IS BACK IN THE SADDLE?

CAR-RT SORT ** CR02
T291037B SZ ZZ 0031
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
BETHESDA MD 20814

0 74820 08317

Forbes

October 6, 1986
Volume 138
Number 7

38 *Money laundry?*

The editorial index of companies referred to in this issue is on pages 216 and 217.

COVER STORY

125 Cover Story: "It's Time To Take Risks"
The oil industry hasn't covered itself with glory the past few years. How did Shell avoid the bungles its rivals committed?

COMPANIES

41 Australia's Brassy Contrarian
Is Robert Holmes à Court serious about going after USX?

48 Sowing What?
International Minerals & Chemical is staying in the business it knows best. But the rules may be changing too fast.

50 Staying Afloat
Global Marine has major troubles, but fortunately it realized that even bankrupts need cash to survive.

72 The Ownership Culture
Avondale's workers get the chance to become capitalists.

74 Buy American
What does Japan's proud old distiller Suntory Ltd. intend to do about mature domestic markets and the rising yen?

76 Spring At Last?
Montana Power was long one of the nation's most put-upon utilities. But things are looking up now.

82 The Wonderful World Of Disney
Shamrock Holdings' Roy Disney speaks softly but carries a big bank balance and has an eye for troubled companies.

88 "It Was Important To Father And Mother, And It's Important To Us"
In school buses, Blue Bird Body is an American original.

96 Fujitsu Fumble
Why is Japan's leading computer company worried? Why is IBM smiling?

98 The Up & Comers: Sony At The Beginning
Lots of guts early on.

INDUSTRIES

38 See No Evil
Is the Federal Reserve laundering drug money? Are the most respectable banks?

43 Combat In The Mid-Atlantic
The airline industry is becoming a dance of giants. What of the scrappy little guys that are still around?

68 "My Daughter, She Will Speak Better"
Korean immigrants work long hours for low pay in New York garment lofts. But who's complaining?

INTERNATIONAL

52 As I See It: Economic Darwinism
Why are Japan's international companies such ferocious competitors? A ranking expert's unsettling answers.

Departments

6 Side Lines
10 Trends
14 Follow-Through
18 Readers Say
25 Fact and Comment
28 Other Comments
31 Fact and Comment II
219 Flashbacks
220 Thoughts

Columnists

203 Ben Weberman
204 Susan Lee
206 Ann C. Brown
208 Kenneth L. Fisher
210 Srully Blotnick
212 Stanley W. Angrist
214 S. Jay Levy and David A. Levy

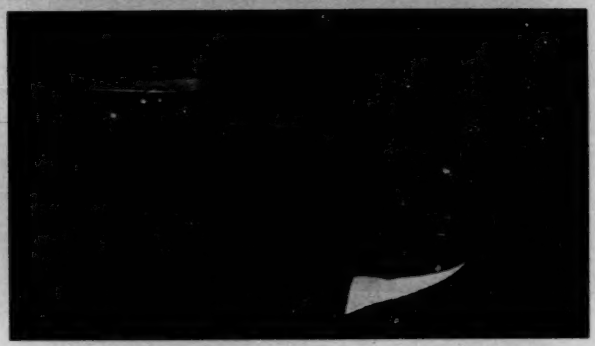
Money & Investments

33 What's Ahead For Business
34 The Forbes Index
191 The Forbes/Wilshire 5000 Review

Cover illustration by Mangal

81 *For Sale: pricey federal loans*

98 *Sony's early courage*



152 *"This business was ripe for something new"*

INVESTING

58 Streetwalker
A report card; Italy; Singapore; Oshkosh Truck Corp.; Manitowoc Co; Mitel Corp.

62 An Alpha-Beta Man
Remember Modern Portfolio Theory? Lou Navellier does, and he's got a successful twist on it.

80 Hedge Fund Redux
Hedge funds are raking in new investors. Good luck, folks.

81 Junk Bonds From Uncle Sam?
The government is packaging loans for resale. But is the price right?

146 Bargains In Bankruptcy?
The big names going Chapter 11 have attracted new money into the bankruptcy play game. Some game.

194 The Funds: Old Money In New Bottles
Balanced funds are back, but with a difference.

195 Statistical Spotlight: Grapes Of Math
An old-fashioned analyst bets on return on equity.

200 Statistical Spotlight: Cheap-Cheap
An intriguing variation on low-P/E investing: low-price investing. You literally buy the cheapest stocks.

ON THE DOCKET

104 Fire-Proof Executives?
So you think firing an underling can be a problem? Consider the headaches that firing a higher-up can now wreak.

TAXING MATTERS

108 "Dear Tax Evader"
Tax cut? Many people are going to pay more next year, not less. Also: General Utilities is out, general confusion in.

NUMBERS GAME

118 Big Bath? Or A Little One?
As Schumpeterian gales of "creative destruction" buffet the economy, how do you value the rubble?

MARKETING

152 New, Improved Eyewear
Is selling instant coffee, instant shaving cream, instant oatmeal and eyeglasses all the same? Also: Snap-on's proprietary ingredient; losing the cutting edge.

SCIENCE & TECHNOLOGY

164 Reveille For R&D
Fear of Japanese competition renews interest in U.S. corporate research. Also: Snowmakers and rainmakers.

PERSONAL AFFAIRS

172 The Lacrosse Connection
Today's downtown, upscale players: intense to say the least. Also: Altar bound? Don't sneer at prenuptial agreements.

CAREERS

178 The Other Side Of The Tube
Now is not the time to start a career in TV, right? Wrong.

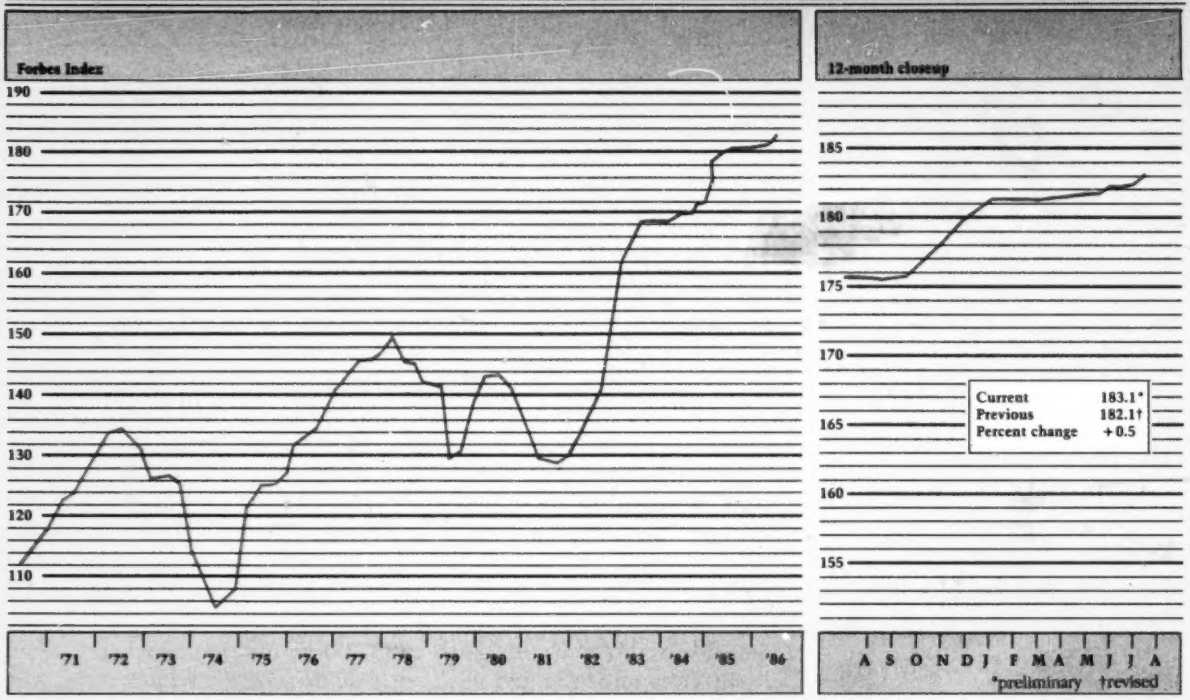
FACES BEHIND THE FIGURES

182 Robert Reich, *Marine Midland Banks*
182 James Garrison, *K2 Corp.*
184 Anthony Greener, *Dunhill Holdings*
184 David Morgenthaler, *Morgenthaler Venture Partners*
186 Thomas McClain, *McClain Airlines*
186 Vincent J. Peters, *Huberth & Peters*
188 Carol Hurley, *Penton Expositions*

October 6, 1986 Volume 138 Number 7 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



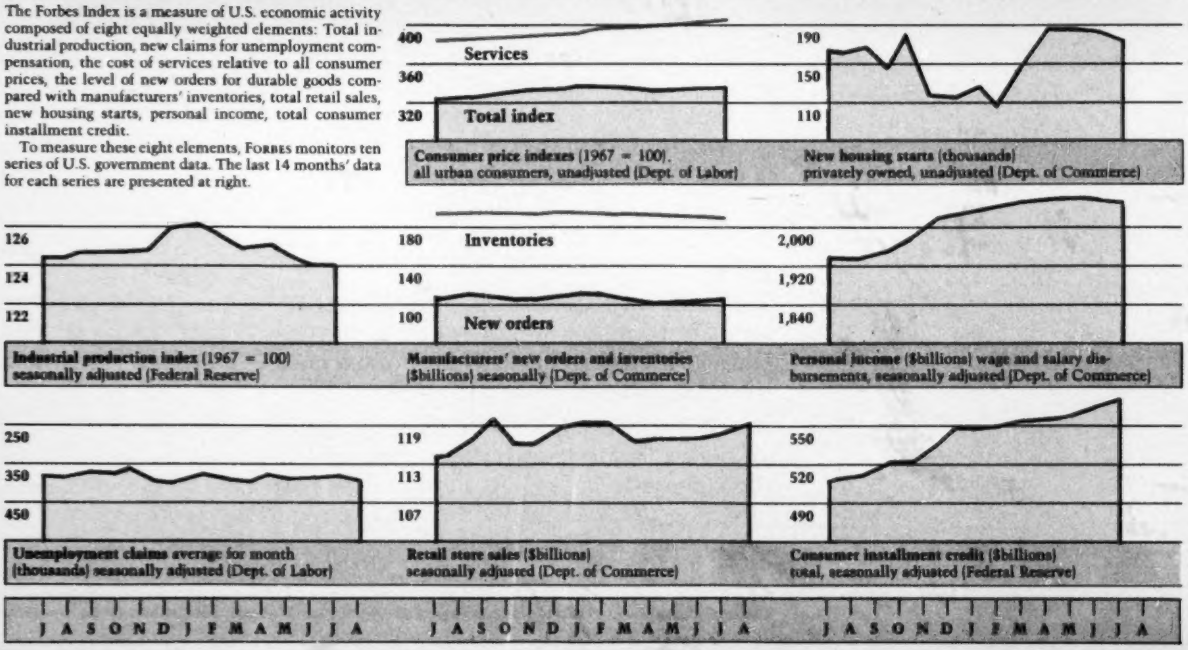
An early Christmas? The Forbes Index, spurred on mainly by consumer spending, rose 0.5% during the latest reporting period. Retail sales shot up 0.8% from July to August. Another important gain was a 4.1% rise in manufacturers' new orders, coupled with a 0.3% drop in inventories. The automobile inventory pipeline is likely to empty even more as Detroit's new round of sales incentives show up in the September figures.

The most important negative is new unemployment claims, which rose 1.9% from July to August. This is the fourth time in eight months that this statistic has increased. Unemployment levels continue to hamper the growth of the Forbes Index. The tax bill, once passed, should encourage job creation, but there will be a lag.

The Forbes Index Components

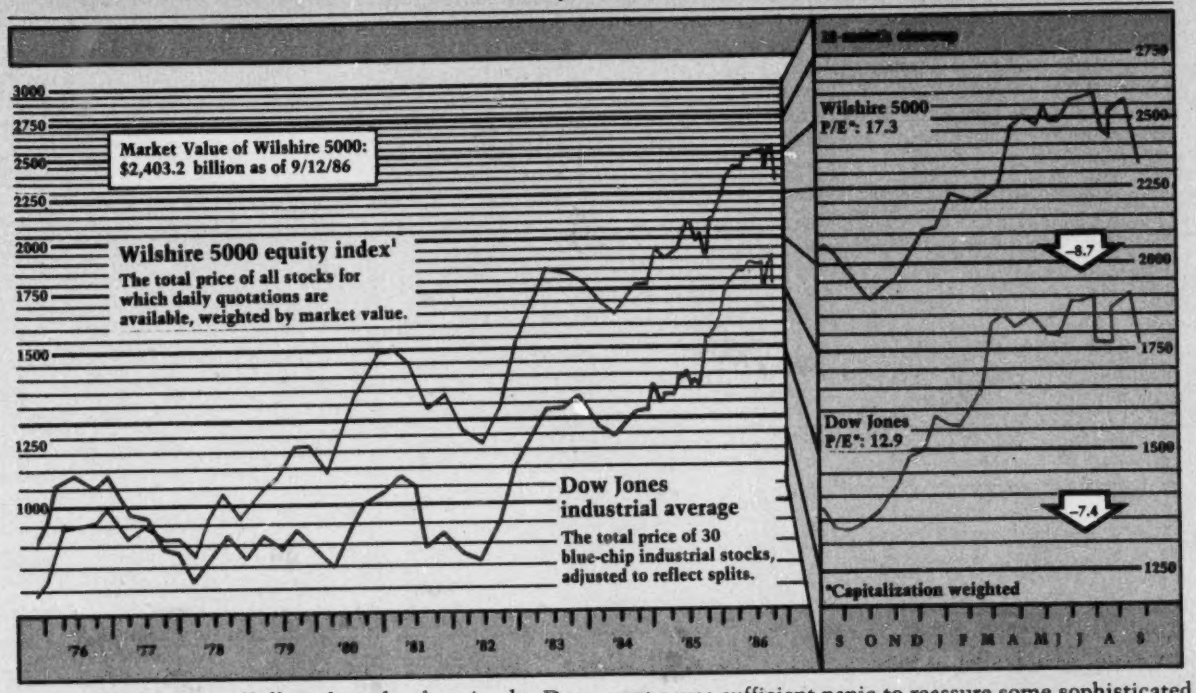
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Perspective on the selloff. Bad as the drop in the Dow industrials was in early September, down 7.4% in two weeks, broader measures were off even more sharply. The NYSE fell 8.6%, while the Wilshire lost 8.7%, or more than $224 billion in market capitalization. Foreign stock markets were also hit with significant losses.

If bull markets climb walls of worry, there is an obvious corollary: Bear markets drop through reams of reassurance. There's still plenty of complacency. This break did not cause sufficient panic to reassure some sophisticated observers who would like to see more optimism wrung out of the markets. A heavy selloff—a "correction," as Wall Street jargon has it—was widely anticipated, given the market's sustained drive over the past 21 months. Even with last week's decline, the Wilshire index still shows a gain of 24.3% over the past year. The Forbes Sales 500 is now selling at 15.6 times latest 12-month earnings, 12.7 times estimated 1986 earnings—not exactly cheap.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–7.0	–6.8	–5.2	–6.6	–5.2	–8.8
in last 52 weeks	24.3	22.1	34.5	25.5	14.5	20.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–6.6	–2.9	–4.7	–4.0	–7.2	–5.4	–4.1	–4.7	–5.1	–5.0	–7.2	–4.7
in last 52 weeks	27.7	36.9	53.2	31.5	16.1	33.9	25.6	35.7	48.0	37.9	36.0	20.9

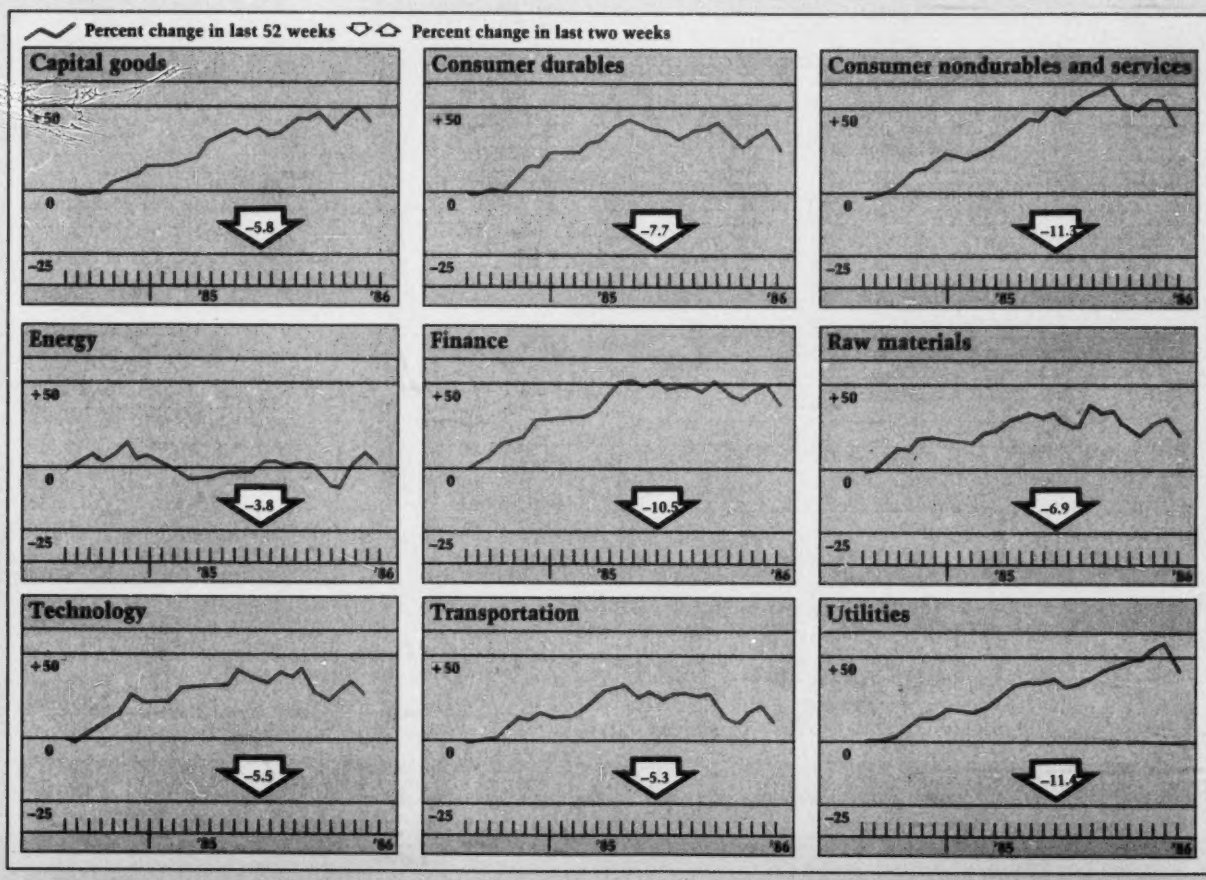
[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 9/12/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Gay French

Where The Action Is

Real and unreal worries. An anxiety attack about interest rates was clearly a driving force in the recent unpleasantness on Wall Street. Stocks sensitive to interest rates were particularly hard hit—notably utilities, finance and consumer nondurables, all of which suffered double-digit losses during the two-week period. The persistence of real problems—the budget deficit and trade balance problems remain unresolved—justifies some anxiety. But to the extent that psychological factors are at work, the anxiety seems excessive. Yes, oil prices are firmer, as are some commodities. But rampant inflation is not in the cards. When investors realize that a new bear market has not begun, they could well start bargain hunting among the shares beaten down in the panic selling.



What The Analysts Think

Fine-tuning with an ax. By now security analysts have a pretty good fix on third-quarter earnings and can forecast fiscal 1986 earnings with some accuracy. During the last two weeks analysts made modest cuts in their 1986 forecasts for seven sectors but reduced sharply their estimates for transportation and energy shares.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.71	15.6
1986 estimates	3.33	12.7
1987 estimates	3.93	10.8

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Utilities	$3.27	10.2	-0.25%	-0.30%
2	Consumer nondurables	2.12	15.5	-0.34	-0.89
3	Consumer durables	3.84	10.2	-0.40	-0.91
4	Technology	2.54	14.3	-0.82	-2.43
5	Finance	3.17	10.7	-0.84	-2.07
6	Raw materials	1.83	16.2	-1.36	-2.57
7	Capital goods	2.36	15.7	-1.83	-3.56
8	Energy	2.13	14.8	-2.56	-5.80
9	Transportation	1.53	17.2	-5.35	-7.01

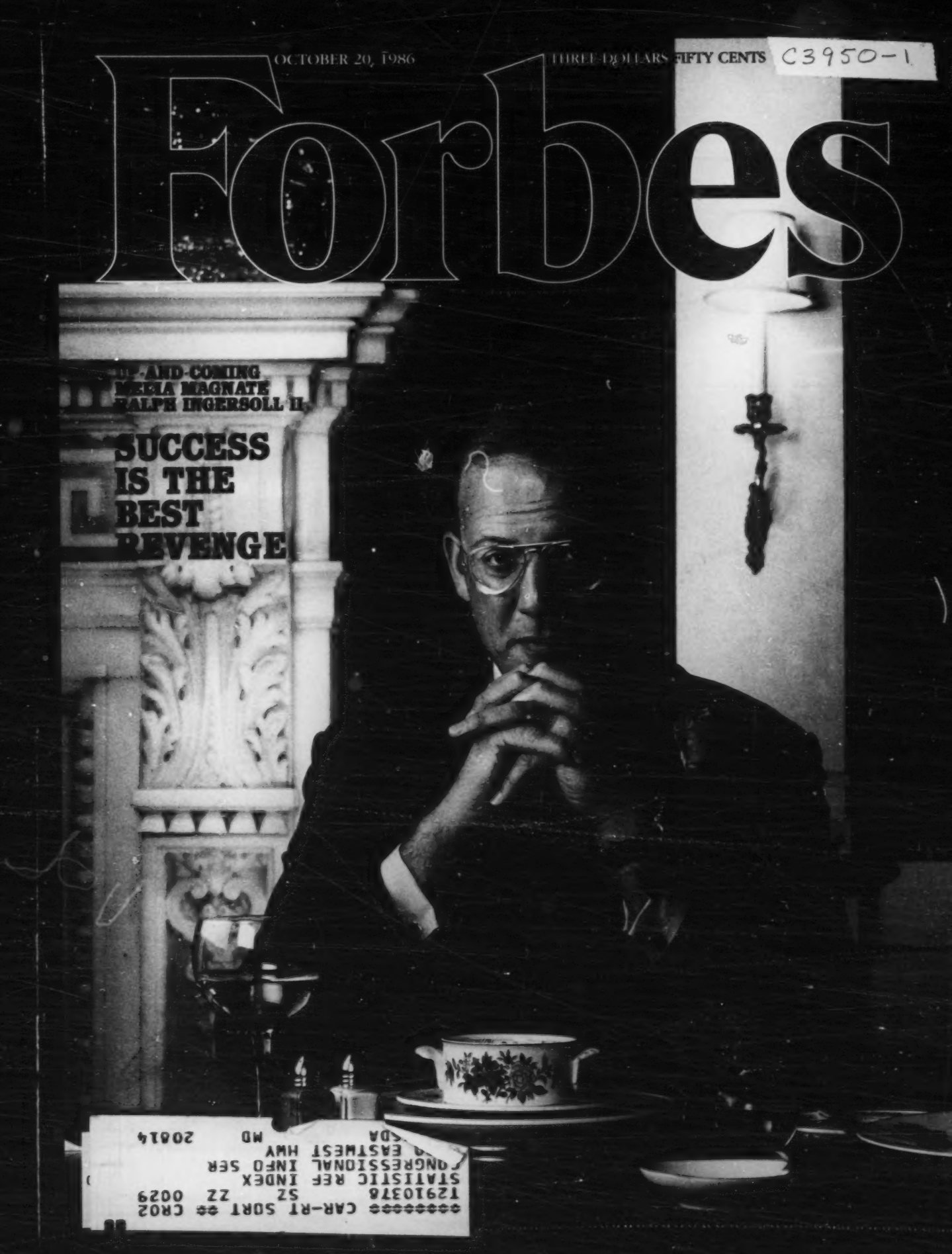
Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 9/12/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

OCTOBER 20, 1986 THREE DOLLARS FIFTY CENTS

C3950-1

Forbes



...-AND-COMING
MEDIA MAGNATE
RALPH INGERSOLL II

SUCCESS IS THE BEST REVENGE

CAR-RT SORT ** CR02
T2910378 SZ ZZ 0029
STATISTIC REF INDEX
...NGRESSIONAL INFO SER
...9 EASTWEST HWY
...CDA MD 20814

Forbes

OCTOBER 20, 1986
VOLUME 138
NUMBER 8

The editorial index of companies referred to in this issue is on pages 180 and 181.

COVER STORY

105 A Quixotic Father's Acquisitive Son
Ralph Ingersoll II is a name to be added to your list of media moguls. Driving ambition, a distinguished heritage and Drexel Burnham financing make this young publisher a factor to be reckoned with as more and more family papers pass into chain ownership.

COMPANIES

30 Kaiser Steel
Wonder what's ailing U.S. capitalism in the last quarter of the 20th century? Read this story of an American tragedy.

34 Mission Insurance Group
Carl Lindner's Mission Insurance was barely afloat as it was. Now come lawsuits charging fraud that could reach $2 billion.

50 The Up & Comers: Dynascan Corp.
Sometimes it takes a disaster to find you're not really in the business you thought you were in.

58 The Up & Comers: Vitelic Corp.
Alex Au shows there is still plenty of backing for ambitious U.S. entrepreneurs with good technological ideas. But it is worth pondering the source of that backing.

62 The Wyly Collection
Sam Wyly takes little companies apart and rearranges them. Wyly usually comes out ahead. Sometimes the companies and their shareholders aren't so lucky.

63 Turner Corp.
With commercial construction in a deep slump, Turner Corp. can only hunker down and hope for the best.

88 Bell & Howell
After 15 years, Donald Frey says the restructuring of Bell & Howell is finally over. This is a recording.

111 Times Mirror Co.
For the first time in a century, Los Angeles' Times Mirror Co. is without a member of the founding family at the helm. But if the Chandlers' stewards do not have the family name, they do have the Chandlers' instincts.

122 Lincoln National Corp.
Say no to new business? Thus has Ian Rolland made Lincoln National a standout performer among insurance companies.

127 Hecla Mining Co.
Stung by sluggish silver prices, Hecla Mining sees beryllium as a shiny new opportunity. It's a long shot.

128 Cimlinc, Inc.
Automation has not yet proved the boon to U.S. manufacturing that it promised. But John West thinks Cimlinc is finally ready for takeoff.

DEPARTMENTS

6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
183 Flashbacks
184 Thoughts

COLUMNISTS

167 Ben Weberman
168 Susan Lee
170 Ann C. Brown
172 David Dreman
174 Srully Blotnick
176 Stanley W. Angrist
177 Ashby Bladen

MONEY & INVESTMENTS

25 What's Ahead For Business
26 The Forbes Index
159 The Forbes/Wilshire 5000 Review

Cover photograph by Michael O'Brien at the Carlyle Restaurant, New York City

111 *Times Mirror carries on*

144 *Bargains aboy*

164 *Contrarians' delight?*

INDUSTRIES

33 Banking: Watching $40 Billion Leave
Now the banks are losing medium-term loans.

36 Real Estate: Here Come The MLPs
Investment merchandisers are catching on to the virtues of master limited partnerships. Time to read the fine print.

43 Insurance: When Is An "A" Rating Not An "A"?
A.M. Best rates some 3,200 U.S. insurance companies, but seems now to be a prisoner of its own monopoly power.

70 Securities Analysis: Chartered Fact Assemblers?
Are chartered financial analysts better stock pickers than the unanointed? They get better starting salaries.

INVESTING

162 The Funds: "This Time, It's For Real"
Tudor Fund's Melville Straus, a manager with an enviable record, makes his case for cyclical and technology stocks.

164 Statistical Spotlight: Looking Beyond The Bad News
Is the oilfield service industry contrarians' heaven?

178 Streetwalker
A tax loophole; Michigan Energy Resources; Volt Information Sciences; Allied-Signal; Dayco; Kaufman & Broad.

ON THE DOCKET

92 Metamorphosis In Maine
Sometimes important precedents can be made in the most obscure jurisdictions.

NUMBERS GAME

97 Party Pooping
After the games many S&Ls have played with mortgage fee income, the FASB finally intends to change the rules.

TAXING MATTERS

103 Tax Reform's Tax Dodge
First a trickle, now a flood, the rush to disincorporate is under way.

MARKETING

134 A Foot In The Door
Is there hope for the Fuller Brush man? How about if he is a woman?

SCIENCE & TECHNOLOGY

138 Where's The Demand?
To hear the enthusiasts talk, genetics research is about to revolutionize medicine. There's only one problem. . . .

PERSONAL AFFAIRS

144 Sail Of The Century
A glut has left sailboat owners taking a bath while the boats they're trying to sell sit in dry dock.

CAREERS

148 Opportunity Calling
With doctors, lawyers, dentists and M.B.A.s in good supply, jobs for telecommunications managers abound.

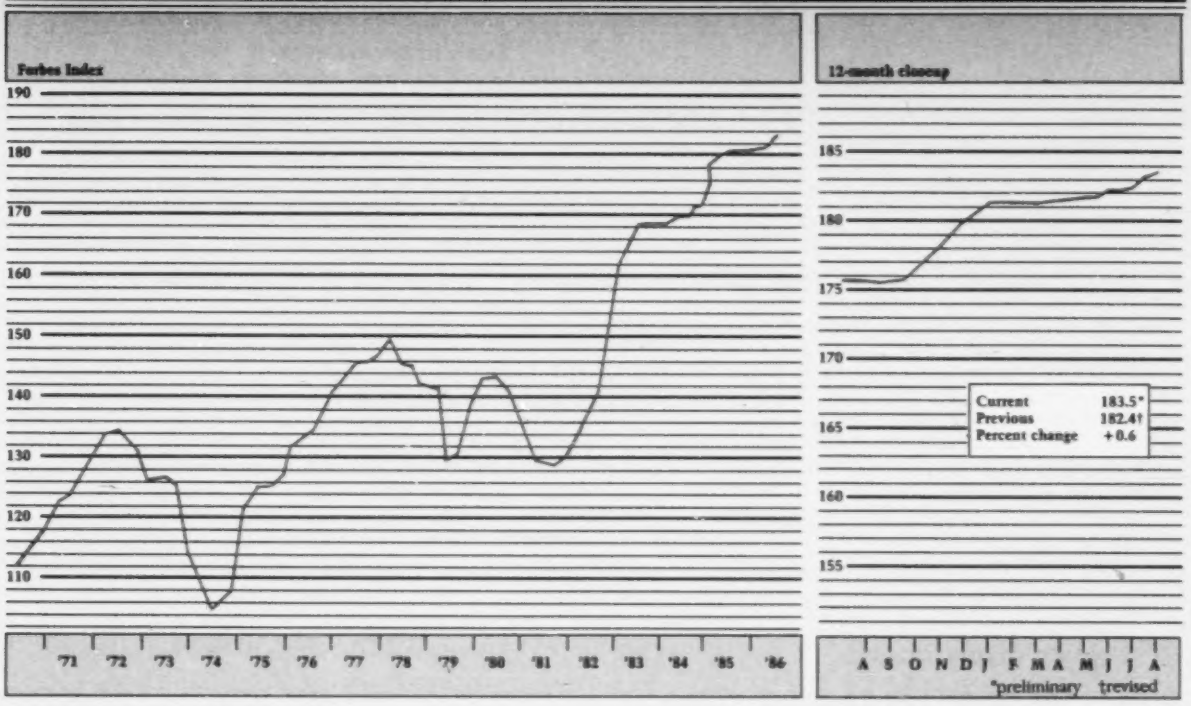
FACES BEHIND THE FIGURES

152 Donald Guinn, *Pacific Telesis Group*
152 Ian Ross, *AT&T Bell Labs*
153 George Carter, *Franchise Associates*
153 Alan Rypinski, *Very Incredible Products*
156 Lawrence Pesin, *Colonia Inc.*
156 Byron Hero Jr., *Esmark*

October 20, 1986 Volume 138 Number 8 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

The Forbes Index



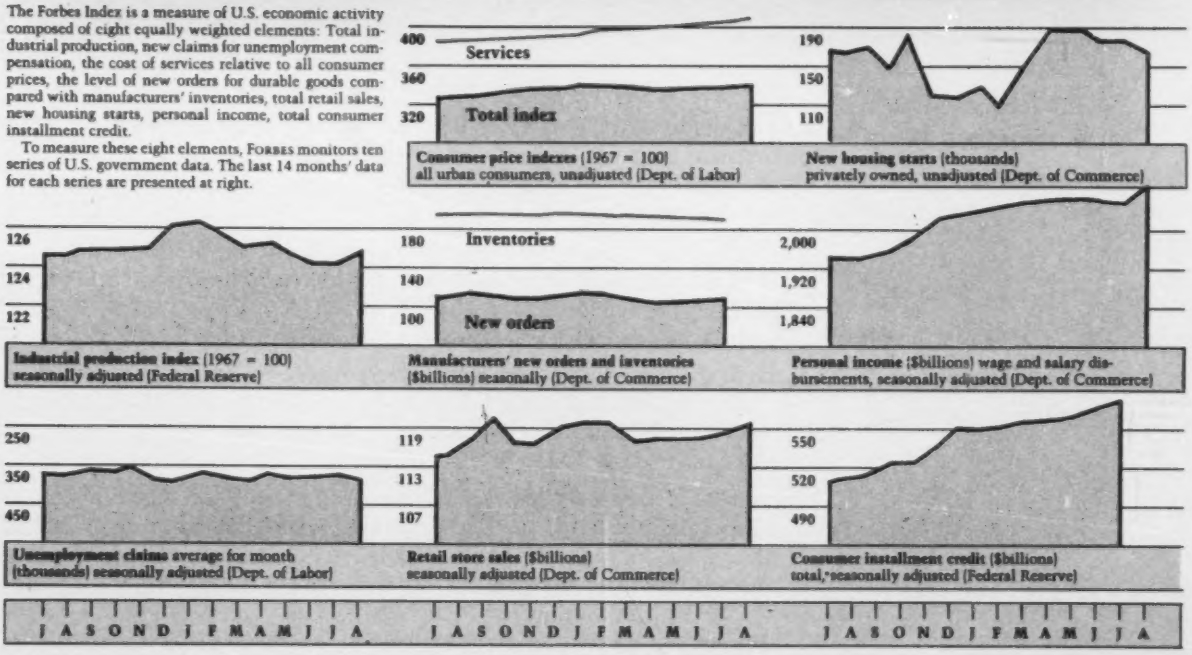
Fuel for the fire. Personal income rose 0.6% in August, the largest monthly increase since November of last year. This increase should add even more strength to already strong consumer spending. This helped The Forbes Index rachet upward 0.6% during the latest reporting period, the sharpest month-to-month gain in seven months.

Manufacturing remains weak. Industrial production, despite a 0.2% increase from July to August, is 0.3% below a year ago. The Consumer Price Index, up a modest 0.2% in August, is up 3.7% since the beginning of the year. But the Fed will surely monitor response to the new tax code before reducing the discount rate.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Scarred by the games many S&Ls have played with mortgage fee income, the FASB intends to change the rules. It's about time.

Party pooping

By John R. Hayes

WHEN IT COMES TO spoiling parties, nobody does it quite like an august body of accountants. Just ask the country's savings and loan executives. Their world has been looking up lately. With interest rates falling, something like $300 billion or $400 billion of home mortgages will be written this year, with the thrifts originating half of them. On nearly all that volume, borrowers will have to pay the lenders origination fees—"points" in the vernacular—and sundry closing expenses. Payable up front. One point on $300 billion is $3 billion. Taking points into income as they are paid has helped many a thrift—Financial Corp. of America, to take one notable case (FORBES, *July 30, 1984*)—report healthy profits even as it was going down the tubes.

Come now the accountants to throw cold water on the points game. Last December the Financial Accounting Standards Board released an exposure draft that would force S&Ls to amortize fee income over the life of the mortgage. The way the rules are written, on a 30-year, $100,000 mortgage that generates, say, $3,000 in upfront fees, the lender would be able to book as income only $56 of the points annually, as long as the loan is outstanding. Only if the loan were prepaid or sold could the fees be recognized earlier. Under current Federal Home Loan Bank Board rules, S&Ls may book up to 2 points plus $400 as revenue when the loan closes.

The lenders, of course, are up in arms. In response to its exposure draft, the FASB has received nearly 1,000 letters all told, most of them opposed. Brian Smith, associate director of research for the U.S. League of Savings Institutions, estimates that if deferring fee income becomes the generally accepted accounting practice, reported profits will be cut by "as much as 70%." Many other thrifts that have been reporting profits would immediately begin reporting losses.

The thrift executives' defense of the status quo? In essence, they argue that writing a mortgage is one business, while earning interest on a mortgage is another business. Who cares if the two businesses are operated by the same people, beneath the same roof? As Smith puts the case: "The entire mortgage banking business is substantial testimony to the fact that you can divorce the [mortgage] origination function from the funds-providing function."

Does that rationale sound a little strained? It does to many practicing accountants.

"The borrower doesn't want a separate service," retorts John Stewart, partner with Big Eight accountants Arthur Andersen & Co. "He wants the loan. He doesn't want his home appraised just to have it appraised. He wants it appraised so he can buy it." Lenders' fees, Stewart is saying, are a part of what the borrower must pay to rent the lender's money and should therefore be taken into income over the life of a loan, as is interest. This makes good accounting sense. And by limiting a thrift's ability to slap a lot of low-interest mortgages on the books while reporting profits derived from making the risky loans, the FASB's rules would make it difficult for thrifts' income statements to thrive while their balance sheets rot.

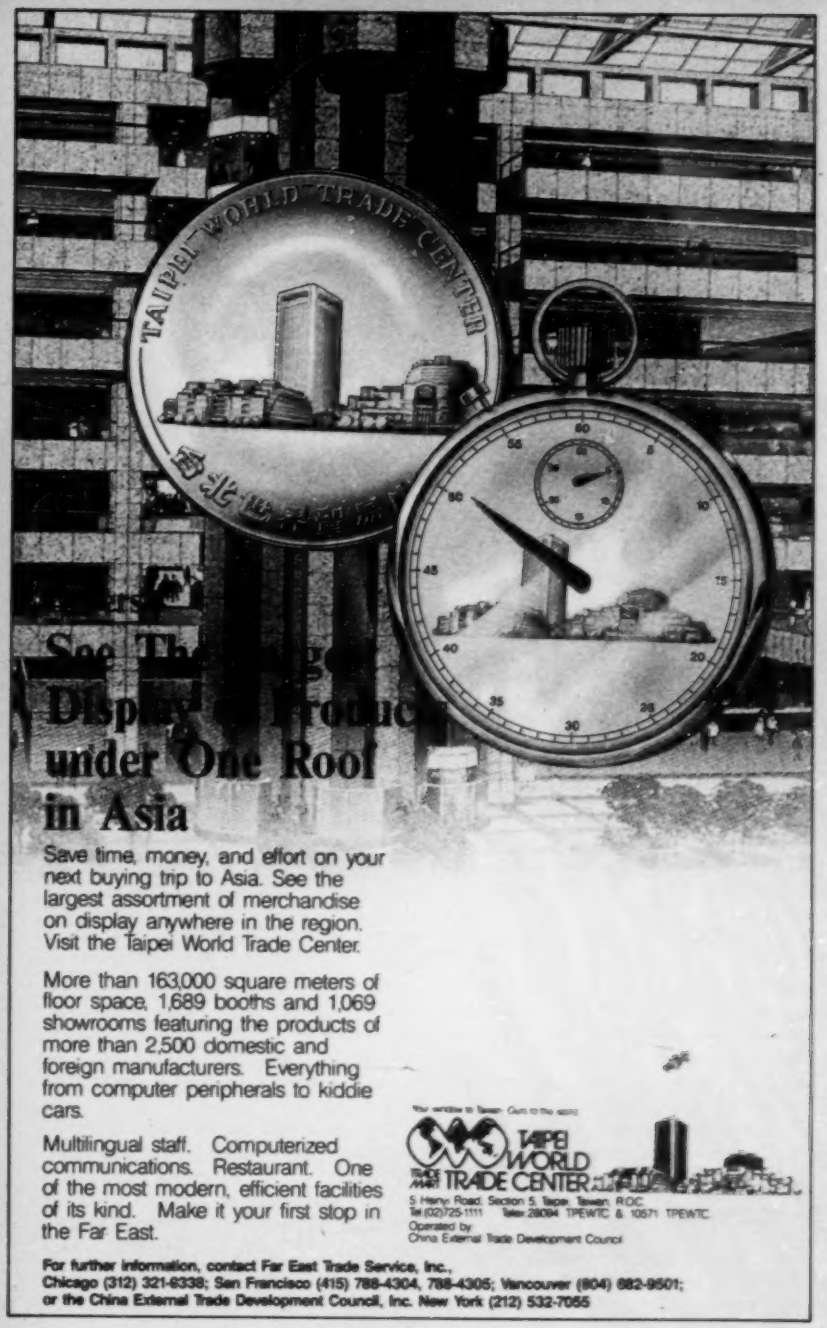
Some thrift managers have brought out an old chestnut: that now more than ever the beleaguered thrifts need to report all the income they can. Otherwise investors will continue to

Earnings kickers

Most big thrifts already defer some origination fees. But new accounting rules won't help earnings and will probably hurt.

Holding company (headquarters)	Assets (millions)	Total revenues (millions)	Loan origination fees (millions)	Pretax operating income (millions)
Financial Corp of America (Irvine, Calif)	$27,375	$3,344	$40.9	$63.2
HF Ahmanson & Co (Los Angeles)	27,229	3,029	46.1	351.7
Great Western Fin Corp (Beverly Hills)	25,471	3,404	67.8	335.4
CalFed Inc (Los Angeles)	19,005	2,275	47.0	188.1
Meritor Financial Group (Philadelphia)	17,153	1,729	46.2	71.8
GlenFed Inc[1] (Glendale, Calif)	16,387	1,397	60.4	112.0
Golden West Financial Corp (Oakland)	12,130	1,378	21.6	242.7
First Federal of Michigan (Detroit)	10,196	1,115	10.5	79.9
Home Federal (San Diego)	10,019	1,148	46.8	117.2
Gibraltar Financial Corp (Beverly Hills)	9,862	1,136	30.3	61.8

Data for fiscal year 1985 except where noted. [1]Fiscal year ending 6/30/86.



REACH THE AFFLUENT IN FORBES

One out of every 3.5 FORBES subscribers is a millionaire

Source: Don Bowdren Associates, 1985

steer capital elsewhere. This was behind the Federal Home Loan Bank Board's 1980 decision to allow the S&Ls to take more fee income into earnings than was previously allowed.

"Those arguments are completely irrelevant," replies Peter Horoszko, manager of the FASB's loan fees project. "The board is here for the purpose of improving financial reporting, and if it tells you your baby's ugly, then your baby's ugly."

Some major thrifts, including many in the table on page 97, already defer a considerable amount of fee income and will be hurt less than more agressive thrifts. Even these, however, are hoping the accountants will relax other proposals in the exposure draft.

Take costs. The FASB's draft would require lenders to expense, immediately, all the costs of making a loan. But expensing the costs of making

"The board is here for the purpose of improving financial reporting, and if it tells you your baby's ugly, then your baby's ugly."

mortgages while capitalizing fee income strikes many S&L executives as inconsistent and unfair.

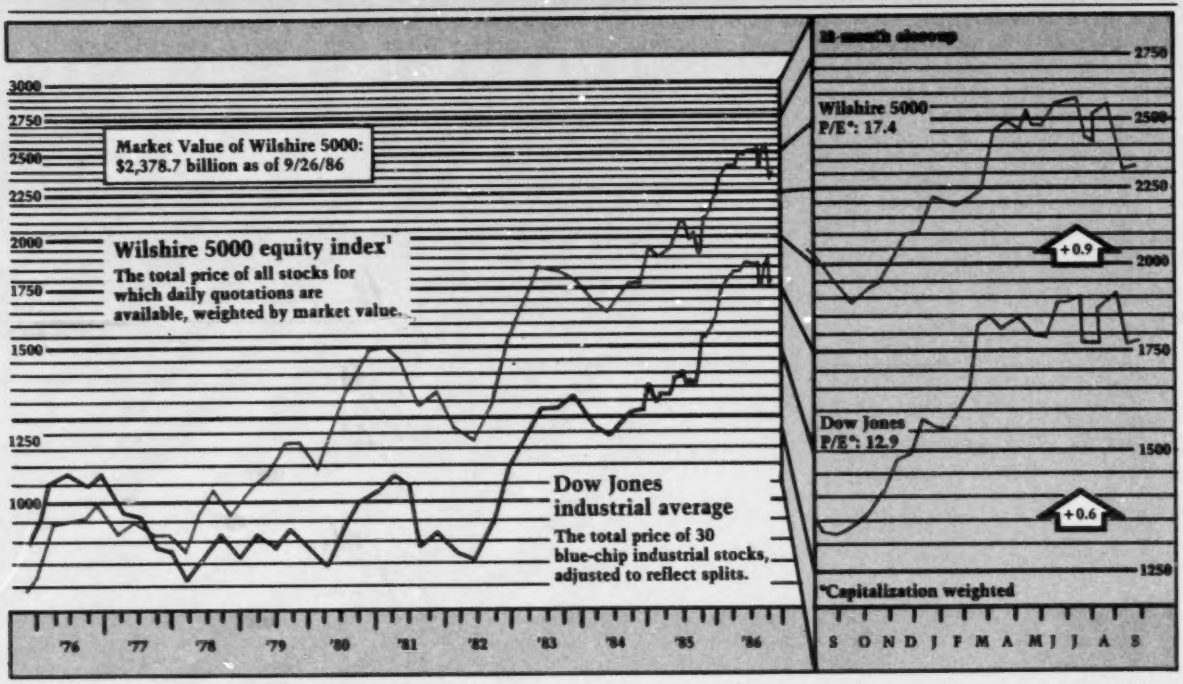
In theory, that may be a good point. But where, in practice, do you draw the line? What costs are associated with which loans? Advertising mortgage rates is obviously a cost of doing business, but it's unlikely that the FASB will permit advertising and other solicitation expenses to be capitalized. Presumably, lenders would also like to capitalize some personnel, data processing, rent and other overhead costs. The FASB will certainly not allow many of these to be capitalized. But expect the accountants to yield some ground on the cost issue by the time the final rules are written in December.

It is useful, if a little depressing, to remember that as accounting rules change, the accountants are almost always a few years behind businessmen intent on bending new rules to their advantage. Listen to Bertill Gustafson, senior vice president of Great Western Financial Corp.: "Some people have been saying, 'Well, we'll originate loans and sell them to Home Savings or whomever, and Home Savings can originate loans and sell them to Great Western or whomever. Then we would all be able to take income on the fees.' "

Far from being over, Gustafson is saying, the thrifts' points party is just preparing to move down the hall. ■

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



The stuff of bad dreams. Investors began to buy stocks again after the sharp correction in mid-September, but without much spirit. The buying fervor that existed after earlier, but less severe, market setbacks was just not present. The Dow eked out a 0.6% advance over the last two weeks. On a point basis the Dow's gain is less than 11 points, or just a few minutes' worth of volatility on one of the Dow's more torrid days.

The classic caution about the dangers of projecting the future from the past is always relevant. It's especially so now. Over the last 52 weeks the Wilshire index shows a 27% gain, while the Dow is up 34%. If this torrid pace were to continue, the Dow would be priced at 2370 one year from now. But a continuation of the bull market, even at a much more modest pace, would have to come in the face of new declines in earnings estimates, the budget deficit and the balance of trade problem. These are not the stuff that dreams of fast profits are made on.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–7.8	–8.4	–6.8	–7.8	–4.3	–8.2
in last 52 weeks	27.0	23.8	34.0	27.8	18.1	25.5

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–7.3	–4.1	–2.8	–4.2	–6.3	–5.0	–4.9	–3.6	–3.2	–5.5	–7.1	–4.3
in last 52 weeks	31.0	41.5	62.3	34.1	20.8	38.4	28.6	42.5	57.4	40.1	39.4	26.6

[1]Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created.
[2]Based on sales.
[3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

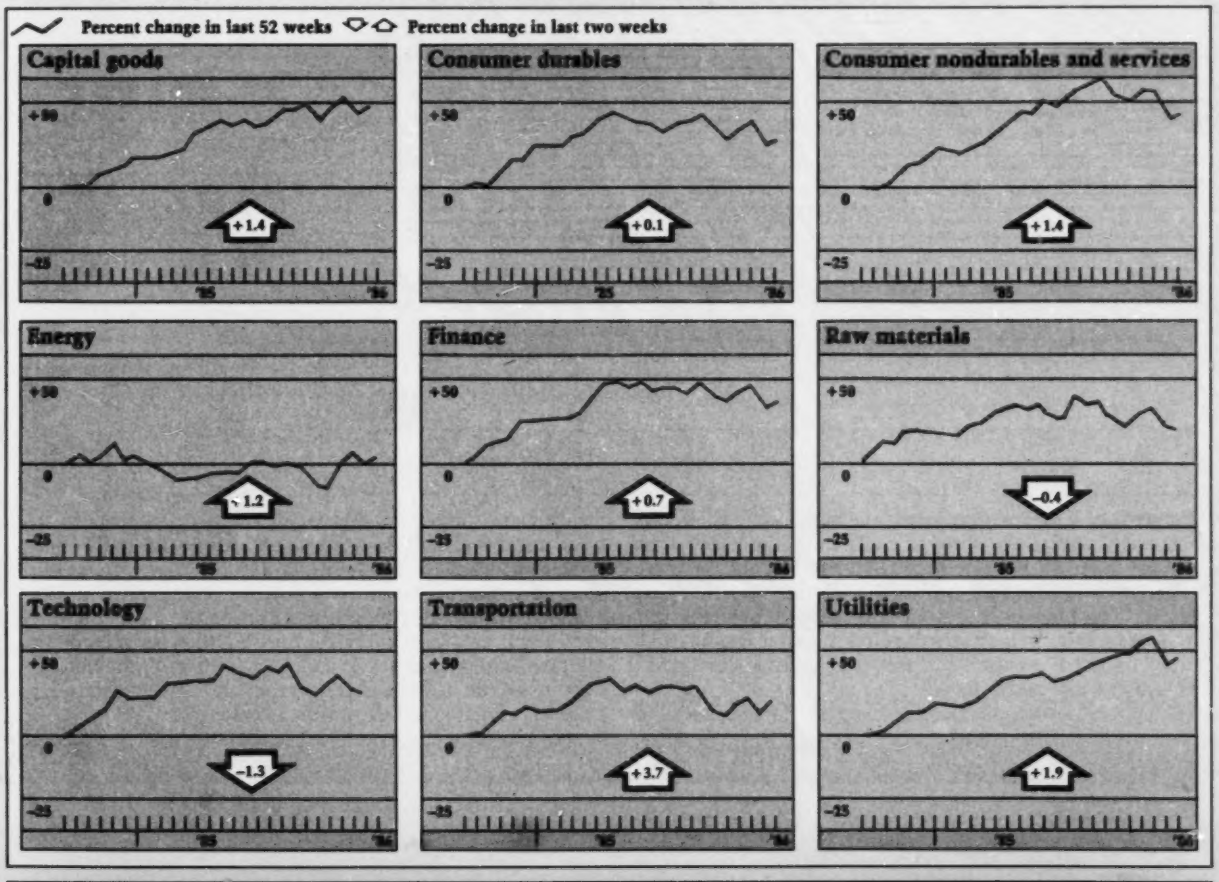
Note: All data for periods ending 9/26/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Gay French

Where The Action Is

Hot and cold spots. Transportation stocks, up 3.7%, far outgained the Wilshire index as a whole, up 0.9%, in the last two weeks. Overnite Transportation, a Virginia-based common motor carrier, rose almost 32% on a tender offer from Union Pacific. Texas Air, which agreed to buy People Express, was up nearly 25%. The purchase, along with the pending acquisition of Eastern Air Lines, would make Texas Air the largest U.S. airline holding company. And Trans World Airlines, which has more than doubled in the last 52 weeks, registered a 24% gain.

Technology shares posted the largest two-week loss. Hewlett-Packard fell 15%. The firm announced it was delaying the release of a new computer. The only other sector to lose ground was raw materials. The worst issue in this group was Dome Mines, the Toronto-based gold producer, which fell 20%.



What The Analysts Think

On the wrong track. A strong upward revision in the 1986 earnings forecast for PSA was not large enough to stem the overall decline in estimates for the transportation sector. Reason: Analysts made double-digit estimate cuts for two railroads, Kansas City Southern and Union Pacific, and also reduced the forecasts of a number of regional airlines.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.70	15.7
1986 estimates	3.28	12.9
1987 estimates	3.90	10.9

Rank based on change in estimate	Sector	Estimated 1986 EPS	Estimated 1986 P/E	% change in 1986 estimate in 2 weeks	% change in 1986 estimate in 4 weeks
1	Finance	$3.24	10.7	-0.14%	-1.09%
2	Consumer nondurables	2.08	15.7	-0.34	-0.68
3	Utilities	3.27	10.4	-0.35	-0.60
4	Consumer durables	3.02	10.3	-0.49	-0.88
5	Technology	2.54	14.1	-0.74	-1.32
6	Raw materials	1.80	16.6	-1.81	-3.14
7	Capital goods	2.32	16.0	-1.86	-3.67
8	Energy	2.06	15.3	-2.02	-4.54
9	Transportation	1.48	18.2	-2.30	-7.60

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 9/26/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

Business is still so bad for the oilfield service industry that you can almost hear bold contrarians saying, "Aha!"

Looking beyond the bad news

By Matthew Schifrin

SINCE THE START OF 1985, falling stock prices have cut the market value of 20 prominent oilfield stocks by over $12 billion—a 46% drop. Two major firms, Smith International and Global Marine, are bankrupt. Gearhart, Zapata, Western Co. of North America and Reading & Bates are all in severe financial distress. The *Value Line Investment Survey*, gauging the attractiveness of the oilfield service group right now, ranks it 90th on a list of 92. (The 91st and 92nd are silver and oil production.)

Despite the bad news—or because of it—this industry has attracted the likes of Robert Torray, Batterymarch Financial Management, Irwin Jacobs and Harold Simmons. In August the

Searching for survivors

The price the oilfield service industry has paid for being in the doghouse for the last five years is all too plain in the statistics below. The immediate future for these companies is not much better than the present, which could scarcely be grimmer. But patient investors—with a strong stomach—just might find some bargains here.

Company	Price recent	Price 52-week high–low	EPS latest 12 mos	Current ratio	Price/ sales 1986 est	Cash flow/ int exp 1986 est	Long-term debt (mil)	Equity (mil)	Market cap (mil)	Sales 1985 (mil)
Baker Intl	10	18⅛– 8⅞	$–4.49	2.4	0.58	1.3	$377	$1,010	$701	$1,904
Camco	15⅜	18¾–12½	1.28	2.9	0.92	6.5	12	102	113	175
Cameron Iron Works	9⅞	14½– 9⅛	0.15	2.2	0.67	0.7	169	343	299	547
Daniel Industries	6⅜	8⅝– 6	–0.13	3.6	0.73	1.6	13	93	65	138
Dresser Industries	18	19¾–14	–2.74	1.9	0.37	7.8	384	1,646	1,381	4,111
Enterra	6	12⅞– 5	–1.13	2.1	0.63	4.8	48	123	54	142
GEO International	2⅛	4 – 1¾	–2.49	2.9	0.30	NM	9	94	30	244
Gearhart Inds	1⅜	9 – ⅞	–9.18	0.8	0.13	NM	230	124	44	674
Global Marine	1	2 – ¾	–9.51	0.1	0.17	NM	1,269	291	33	379
Halliburton	22⅛	28⅜–17⅜	–3.73	2.1	0.84	20.0	443	2,858	2,341	4,779
Helmerich & Payne	21	24½–16⅞	0.45	4.6	4.40	6.3	85	428	528	192
Hughes Tool	7⅝	13⅜– 6¾	–1.04	3.1	0.59	NM	336	938	426	1,261
Kaneb Services	2⅞	8⅝– 2¼	–4.41	1.7	0.84	0.7	156	360	84	179
McDermott Intl	20½	23⅜–13⅜	6.84	1.0	0.31	40.0	913	1,204	758	3,257
NL Industries	4¾	5⅛– 3⅜	–4.76	1.4	0.50	3.3	237	786	297	1,423
Noble Drilling	2¼	4½– 1½	1.46	2.0	0.85	NM	28	115	25	72
Ocean Drill & Exp	12⅛	22 –10⅝	–0.35	1.6	2.08	3.8	189	840	624	634
Parker Drilling	3½	5⅛– 2⅞	–2.02	2.7	0.70	NM	239	223	106	255
Reading & Bates	1⅞	6⅞– 1¼	–8.33	1.4	0.35	NM	449	219	52	237
Rowan Cos	4½	8⅝– 3¾	–0.24	2.5	1.75	NM	135	579	245	273
Schlumberger	33¾	37⅜–27¼	0.15	2.0	2.17	4.0	987	6,877	9,773	6,119
Smith Intl	2⅜	8⅜– 1⅛	–11.23	NM	0.17	NM	481	183	60	697
Tidewater	4¾	16⅛– 4¼	–2.06	1.7	0.69	NM	176	249	104	238
Western Co No Amer	1	4⅞– ¾	–3.62	0.3	0.23	NM	56	335	47	500
Zapata	3⅜	9½– 3¼	–7.84	1.5	0.46	NM	602	391	70	289

NM: Not meaningful.

Sources: Disclosure II via MicroScan Data on diskette from Lotus Information Services; Forbes.

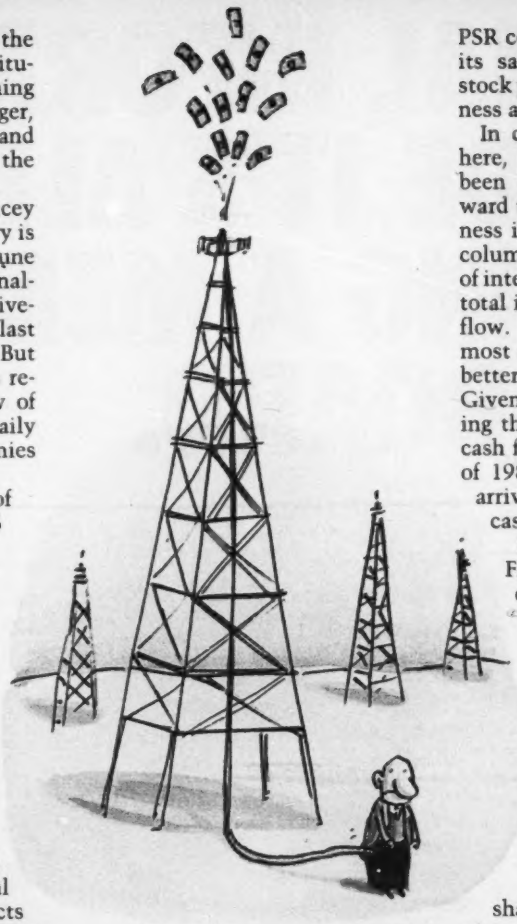
group rose 19%, vs. a 7% gain in the Wilshire index, a sign that institutional bottom-fishers are becoming active. Halliburton, Schlumberger, Ocean Drilling & Exploration and Baker International were among the strongest gainers.

But these stocks remain a dicey play. Solid evidence that a recovery is at hand is thin. It's true that in June the industry's onshore-rig count finally bottomed out at 588, ending a five-year drop from 4,600 in 1981. At last count, 684 rigs were operating. But that's only 26% of the industry's reduced capacity of 2,600, and few of these are profitable at current daily rates. Revenues for most companies are still declining.

The key to better times, of course, is higher prices. Oil at $15 a barrel gives little incentive to boost exploration efforts. But even a slight increase in business would help the oilfield service industry.

If you think that's likely, listen up. Our computer gave us an initial list of oilfield companies with 1985 sales of at least $70 million and share prices greater than $1. Many of the 25 companies on our final list are still losing money, and Wall Street, as indicated by earnings forecasts from the Institutional Brokers Estimate System, expects little improvement before 1988. Remember, too, that with several thousand rigs sitting idle, book values right now are surely higher than salvage values.

One yardstick that can help evaluate these companies is the price-to-sales ratio, or PSR. The PSR shows how much investors are ready to pay for a dollar of a company's sales. Back in the last boom year, 1981, oilfield stocks sold on average at 1.42 times their sales. More than half the companies in the table opposite have PSRs under 0.75. Ken Fisher, the money manager, FORBES columnist and a proponent of PSRs, argues that if a low-PSR company can hold on to most of its sales in lean times, significant stock price gains are likely when business and margins improve.



Patrick McDonnell

In calculating price-to-sales ratios here, estimated sales for 1986 have been conservatively adjusted downward to reflect continuing poor business in the second half of 1986. The column headed "Cash flow coverage of interest expense" shows the ratio of total interest expense to current cash flow. It's a key datum—companies most capable of covering debt have a better chance of outlasting the slump. Given the sharp drop in oil prices during the last year, we have taken the cash flow from the first two quarters of 1986 and multiplied it by 1.5 to arrive at a reasonable estimate of cash flow for the year.

Suzanne Cook, an analyst with First Boston, thinks Dresser Industries looks good. Dresser Chairman John Murphy aggressively cut back his oilfield operations and sold divisions. The restructuring has thus far raised $300 million in cash, and the company recently announced plans to buy back up to 15% of its stock over the next 18 months. Cook also likes McDermott's common and preferred.

The table below lists preferred shares of some major oilfield service companies. The lure of preferreds lies in their present yields, potential yields and the seniority of these shares to common stock. More companies may have to restructure or file for bankruptcy, so the seniority of preferred stock could be crucial. Half the preferred issues have cumulative dividends in arrears. ■

A preference for preferreds

Below are eight issues of preferred stocks for six companies in the oilfield services industry. Half of the companies on the list already have stopped paying dividends. Investors may want to investigate these anyway. When ailing companies restructure, they often offer preferred holders attractive payoffs.

Company	Issue	S&P's rating	Recent price	Stated annual dividend	Yield	Amount in arrears per share	Conversion —into common— rate	Conversion —into common— value	Recent common price
Global Marine	$3.50 cum conv	D	3	$3.50	NA	$4.37	2	$2.00	1
Kaneb Svcs	adj rate cum-A	B	75	v	10.4%	NA	NA	NA	2⅛
McDermott Intl	$2.20 cum-A	BBB	26	2.20	8.5	NA	1	20.50	20½
McDermott Intl	$2.60 cum-B	BBB	26⅛	2.60	9.9	NA	NA	NA	20½
Reading & Bates	$2.13 cum conv	C	5⅞	2.13	NA	1.06	1.3	2.44	1⅞
Reading & Bates	adj rate cum	C	4⅜	v	NA	1.10	NA	NA	1⅞
Tidewater	6% adj conv	B+	87½	v	6.9	NA	14	66.50	4¾
Western Co No Amer	$7.25 cum-A	D	4½	7.25	NA	3.63	NA	NA	1

NA: Not applicable; v: Variable, depending on rates.

Source: FORBES

10/16/86 C3950-1

FOUR DOLLARS FIFTY CENTS

Forbes

THE RICHEST PEOPLE IN AMERICA

THE FORBES FOUR HUNDRED

CAR-RT SORT ** C802
****
1291037B
S2 22 0170
STATISTIC REF INDEX
CONGRESSIONAL INFO SER
4520 EASTWEST HWY
MD 20814
RETHESDA

0 74820 08320 8

The Richest People in America

The Forbes Four Hundred

32 *How broke can you get?*

58 *Why did George do it?*

THE FORBES FOUR HUNDRED

106 Introduction
110 Rules of the Chase
112 The Forbes Four Hundred
250 Family Fortunes
283 Who Dropped Off The List
290 Who Almost Made It
296 Acknowledgments
298 Index

GREAT WEALTH IN AMERICA

32 The Minus Centimillionaires
The brokest people in America.

40 Something Old (Family), Something New (Money)
For centuries the Biddles of Philadelphia made money in a particularly old-fashioned way—they married it. The tradition is passing.

48 Getting By On $1 Million A Year
The trouble with being good enough to make a fortune is that you have to live on it.

56 The Forbes Four Hundred Cost Of Living Index
It's said the rich get richer. But don't forget the overhead.

58 Marrying Rich
What happens when the upwardly determined marry the downwardly mobile? A great deal.

64 Kuhn, Loeb Calls On The House Of Morgan
The morning after the *Lusitania* was sunk, Jacob Schiff, patriarch of the house of Kuhn, Loeb, paid a sympathy call to J.P. Morgan Jr. The result illuminates their times.

74 "What Has Changed Since '28?" "Nothing."
Philadelphia's Merion Cricket Club: Where wealth bought more than the illusion of timelessness.

79 The Desertmakers
Williamsport, Pa.: Where the evanescence of wealth became a truth driven home to the makers of wealth with devastating force.

97 Dreiser's Fabulous Tycoon
What drove the robber barons of the 19th century? That question, and Charles Tyson Yerkes, a dimly remembered streetcar magnate of that era, inspired a major work by Theodore Dreiser.

314 The Prophet And Profits Of Scientology
If we knew then what we know now, L. Ron Hubbard would have been on The Forbes Four Hundred. An astounding tale of power, money and paranoia.

PRESS CLIPPINGS

354 The Case Of The Paper Empire
For Keith Gormezano, making the FORBES list of the 400 richest people in America was a personal obsession that led to his undoing. And other media comment.

OCTOBER 27, 1986
VOLUME 138
NUMBER 9

74 *Beyond time in Merion*

79 *The Williamsport saga*

97 *Dreiser on robber barons*

THE UP & COMERS

324 Would You Play Poker With This Man? Do You Think You'd Win?
Very few men have been known to make $100 million trading futures. Richard Dennis is one.

328 Looking For More Lightning?
Can sitcoms about a blonde, a brunette, a platonic roommate and a guy who rents the upstairs to his daughters make you $100 million? Yes. Don Taffner proved it.

ON THE DOCKET

340 Home Free
Where else but in Texas could you go bankrupt, never make another dime in your life and still die rich?

PERSONAL AFFAIRS

346 Poor Little Rich Kids
Do some children of plenty suffer in much the same way as children of poverty? And for the same reasons?

MARKETING

342 Global Listing
How in the world do you find someone to buy a $10 million house? And where?

DEPARTMENTS

6 Side Lines
10 Trends
17 Follow-Through
23 Fact and Comment
26 Other Comments
29 Fact and Comment II
375 Flashbacks
376 Thoughts

COLUMNISTS

363 Ben Weberman
364 Srully Blotnick
366 Kenneth L. Fisher
368 David Dreman
370 Ann C. Brown
371 Stanley W. Angrist

FACES BEHIND THE FIGURES

332 Laurence Graff, *London jeweler*
332 Donna Wolf Steigerwaldt, *Jockey International*
333 Raoul Felder, *divorce lawyer*
334 Deborah Szekely, *owner, The Golden Door*
334 Christian Petrossian, *Petrossian S.A.*
336 Christian Moueix, *Château Petrus*
338 George Pillsbury, *philanthropist*

October 27, 1986 Volume 138 Number 9
Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year. U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1986 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Illustration on page 65 by Julian Allen

For the richest people in America, see page 106. For the most spectacularly broke people in America, keep reading right here.

The minus centimillionaires

By Laura Jereski

In 1970 Lammot du Pont Copeland Jr., with assets of $25.7 million and liabilities of $59.1 million, sought protection from creditors. The filing brought the du Pont heir, then known familiarly as Motsey, the additional if dubious distinction of becoming one of the largest personal Chapter 11 filers ever—until he emerged in 1974. By present standards, however, he was a piker. Call it the democratization of debt. A scant 16 years after Motsey's embarrassment, at least a dozen debtors have run up a negative net worth of $100 million or more apiece.

Those born rich don't figure prominently here. Even the monumentally harried Hunt brothers, despite the troubles of their Placid Oil Co. and Penrod Drilling Co., can still claim a sizable positive net worth—for the time being. No, the modern minus-millionaires are self-made men of a sort. They had little or no money of their own—but a plenitude of OPM: other people's money.

What does it take to become a superbankrupt? Undauntable salesmanship in the face of economic absurdity and a gift for creative finance. Fraud helps a lot.

And, oh yes, a lighthearted tolerance for incidental expenses. Donald Walker's auto race, for example. Eight months before filing for bankruptcy protection, Donald Walker was busy promoting the Dallas Grand Prix, an event that lost $4 million. "Don thought it would be neat to have a race in his backyard," his wife, Carol, told the *New York Times*.

So below are the kings of bankruptcy, those who by some official reckoning have owed, however briefly, more money they couldn't pay than anyone else in the history of the U.S. Eat your heart out, Motsey.

Liabilities, $613 billion
Assets, $7,310

E. Sterling Hunsaker, enterprising Utah businessman, filed in 1981 listing liabilities equivalent to two-thirds of the then federal debt. However, if anything, his "liabilities" may have been even more unreal than the value of the "assets" behind them. Hunsaker wanted to extract gold and oil from the tar sand of eastern Utah at a cost per barrel north of $60. Unable to find local investors, Hunsaker looked overseas. He transferred his mining leases to a Panamanian trust and, unfortunately, committed his personal assets to it, thereby making himself liable for the trust's obligations. Trust certificates backed by the tar sand deposits and similar paper churned out

by a questionable outfit known as the Cambridge International Fiduciary Trust ran Hunsaker's theoretical debts to an unbelievable $613 billion. When Hunsaker discovered trust officers were taking money for the certificates but somehow failing to turn funds over to him, he filed for the full amount of his potential liabilities, even though very little of the paper had ever actually been sold.

Hunsaker, however, practices "Waste not, want not." Last April he resurfaced in Utah as the signatory on documents titled "irrevocable letter of credit." These instruments, ranging in face value from $11.5 million to $30 million, were issued by a bogus

Garry Bryant/Deseret News

E. Sterling Hunsaker

bank whose capital consisted of—you guessed it—oil and gold certificates collateralized by an assay valuation of eastern Utah tar sands. The Utah Financial Institutions Commission closed him down in May. Hunsaker, who cannot be found for questioning, is rumored to be peddling his wares in Europe and South America.

Liabilities, $423.1 million
Assets, $23.8 million

Robert Sutton, crude-oil trader, was an enterprising former postage meter salesman who saw an opportunity to score big when the Department of Energy decreed a short-lived and economically absurd distinction between the price of "old" (found pre-1973) oil and "new" oil. He became a multimillionaire overnight by transforming "old" oil into "new" (FORBES, *Sept. 24, 1984*)—$1 billion worth, the DOE alleged. Sutton filed for Chapter 11 in April 1984, listing liabilities of $1.4 billion against assets of $7.1 million. Convicted of obstruction of justice and bribery, he currently resides in a Texas penitentiary. A federal judge held him personally liable for $210.7 million, plus interest, in August 1984. Compounding interest from the time of the felony has brought the total to $423.1 million.

AP/Wide World Photos

Robert Sutton

Liabilities, $396.7 million
Assets, $70.8 million

Clint Murchison, an oil and real estate magnate, filed for bankruptcy protection in February 1985. He inherited a fortune from his oil tycoon father and, with brother John, built an empire that included the Dallas Cowboys football franchise, which they founded in 1959. The partnership was liquidated after the death of John in 1979. High interest rates and the illiquidity of many assets, coupled with questionable business judgments, subsequently put the squeeze on Murchison. Creditors became anxious when they learned Murchison had a degenerative nervous disorder and that some recent enterprises, notably a Washington, D.C. real estate development, had failed. After reorganization (the plan was approved last June) Murchison is expected to realize $3 million to live on, including a house valued at $2.4 million, plus an exposition company based in Chicago. Lawyers' fees for his bankruptcy prodeedings alone—excluding his multitude of corporations through which he did business—ran to $1.2 million in little over a year.

Liabilities, $252.2 million
Assets, $7.4 million

Donald Walker, Dallas real estate syndicator, filed last year, listing a mere $4.2 million of liabilities. But that overlooked $168 million in investor claims and up to $80 million in IRS claims for nonpayment of taxes. Walker achieved disaster as general partner to more than 90 leveraged limited partnerships, whose funds he

The Dallas Morning News

Donald and Carol Walker

commingled in two bank accounts. Playing impresario for the Dallas Grand Prix helped, too. So did other personal expenses: His listed assets included the $5.5 million house he got to keep, courtesy of the Texas Homestead Act *(see p. 350)*. Debts discharged, Walker has set up shop as a real estate consultant in Dallas.

Liabilities, $263 million
Assets, $40 million

J. David Dominelli, former genius foreign currency trader, drew 20 years in federal prison for fraud in 1985 and was ordered to pay $80 million he con-

AP/Wide World Photos

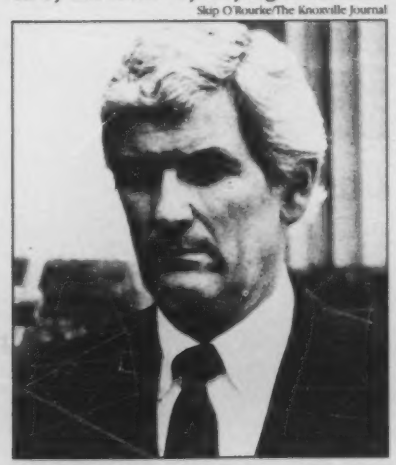
J. David Dominelli

fessed stealing in his five-year scam: He founded San Diego-based J. David & Co., purported investment firm, in 1979, and rapidly became, with his lover, Nancy Hoover, the epicenter of the younger, socially conscious political set in the city. Promising investors a high return, he took in as much as $200 million. In the great Ponzi tradition, he gave good returns to early investors before displaying an affinity for heavy personal spending: several estates, sports cars by the dozen, three planes. When his scheme fell apart, he first fled to the Caribbean island of Montserrat, then returned to San Diego, claiming to have $125 million to make investors whole. Eventually he cooperated with authorities enough to help convict former San Diego Mayor Roger Hedgecock for accepting funds illegally funneled through J. David.

Liabilities, over $205 million
Assets, $2.8 million

Jake Butcher, former financier, convicted felon, was declared bankrupt by a federal court in September 1983. Unchallenged claims against Butcher's estate have pushed liabilities to over $205 million. Butcher expanded the Tennessee banking empire founded by his father by buying five banks on credit in 1974; his United American Bank became the biggest banking force in eastern Tennessee. He ran for governor in 1978 and was chairman of the Knoxville World's Fair in 1982. The following February brought a sudden end to glory: The FDIC began closing his 12 insolvent banks; half the loans in the portfolio were undercollateralized or nonperforming, and half of those had been made to Butcher associates. He drew a sentence of 20 years in June 1985.

Skip O'Rourke/The Knoxville Journal



Jake Butcher

Liabilities, $210 million
Assets, $34.3 million

C.H. Butcher Jr., younger brother of Jake Butcher, managed to run up more debts (but also more assets) than even his redoubtable sibling when he was head of Southern Industrial Banking Corp., which he split off from Jake's United American Bank in 1980. SIBC filed for Chapter 11 a month after the collapse of United American in 1983. Recently acquitted of 25 fraud counts, Butcher is still in Knox County jail without bail, awaiting trial for bankruptcy fraud.

Liabilities, $174.5 million
Assets, 0

William R. Doyle's is the largest tax fine ever levied against an individual. Doyle, said to have stashed millions before serving seven years for selling stolen pipe, reported huge income he didn't have on his tax returns, which he then showed around, all simply to impress people. So the IRS slapped him with a bill for ten years' back taxes: $104.2 million, plus $70.3 million in interest and fraud penalties. Doyle capped his resulting bankruptcy filing with a plaintive letter swearing up and down he had never had any assets. After eight months of futile persistence, the IRS reluctantly dropped its suit. Meanwhile, Doyle, placed in a work release program, was busy fleecing the sheep of the First Assembly of God church in Joshua, Tex. He was last seen three years ago, by Pastor Wilbur Stanley, driving into the sunset in a brand-new pickup truck equipped with a mobile phone.

Liabilities, $153.8 million
Assets, $805,000

J.D. Allen was one of the largest individual borrowers from Penn Square Bank, which went notoriously bust in 1982. Allen was a partner with former Penn Square board member Carl Swan in Longhorn Oil & Gas and general partner to a series of oil limited partnerships. Allen mass-marketed letters of credit, a device to let investors make minimal cash downpayments. The LOCs then became collateral for production loans from Penn Square, which had also made some of the LOC loans and which then in effect held the first loans as collateral for the second loans. "The entrepreneurial spirit, that's J.D.," they now say in Oklahoma City.

Allen's associate, Carl Swan, has avoided bankruptcy by settling his $173 million debt with creditors and deeding them his assets; neither he nor they will say what the assets might be worth.

Renee Lynn/The Daily Oklahoman

J.D. Allen

Potential liabilities, $220 million
Claimed assets, $80 million

John King, who filed in 1971, lays claim to the longest-running bankruptcy proceeding ever—debts have yet to be discharged. As head of King Resources, a natural resources company, he was Nixon's personal representative at the opening ceremonies of Expo 70, the world's fair in Japan in 1970. But he had sold natural resource properties at inflated prices to Bernie Cornfeld's notorious Investors Overseas Services, and King had himself invested heavily in IOS. He talked briefly of taking over the faltering organization in spring 1970 before his own empire, shaken by the IOS disaster, collapsed. King claims his original liabilities were $40 million, but that got bumped potentially to $220 million by a 1979 default judgment for his part in the collapse of IOS. King, currently residing in Midland, Tex., plans to do a private placement among the 3.1 million people he says have invested with him in the past. He claims administrative costs and lawyers' fees have taken $98 million out of the King Resources corporation, part of his debtor's estate, over 15 years.

Liabilities, $130 million
Assets, $4 million

George and Mary Ann Benny are a father-and-daughter team. He is currently serving 30 years for fraud; she is in the Sacramento area, trying to reorganize her estate after the collapse of their family-run real estate empire.

San Francisco Chronicle

George Benny

George Benny was an engineer until 1977, when he delved into real estate with the purchase of the 396-unit Diamond Heights condo. He used straw buyers to run up the value of the property and boost his credit line to buy more property. George Benny made such a habit of sealing real estate deals by giving the seller a Mercedes that he kept a line of credit with a bank for this purpose alone. Eventually, a collateral check-kiting scheme caught up with him in 1983. About 20 Mercedes were repossessed.

Liabilities, $165 million (at recent exchange rate)
Assets, $48 million

William G. Stern, Hungarian-born naturalized U.S. citizen, graduated from Harvard Law School and in 1960 married the daughter of one of the largest residential landlords in England. He left his father-in-law's enterprise in 1971, withdrawing his £30 million share and using it to leverage his own £140 million real estate empire. Creditors got Stern's personal guarantee, but unfortunately for them, his assets outside the business were a mere £200,000.

Hugh Routledge/Financial Times

William G. Stern

When the oil crisis hit amid a bitter miners' strike and a change in government, the British economy faltered and the empire he had tried to build in London real estate crashed spectacularly, and Stern filed personal bankruptcy in 1978 (debts, £110 million; assets, about £30.2 million), winning him a temporary spot in the *Guinness Book of World Records* as largest bankrupt. Stern was finally discharged from his obligations late last year. Now Stern's mansion in Golders Green, with paintings and furniture, is in a family trust. Meanwhile his creditors have gotten back about a third of their money.

Liabilities, $196.9 million
Assets, $82.2 million

Morris Shenker, the St. Louis lawyer, is perhaps best known for representing Jimmy Hoffa and as the part-owner of the now-in-Chapter 11 Dunes Hotels & Casinos in Las Vegas. Shenker himself filed for reorganization in January 1984, burdened by a Department of Labor claim for $64 million for pension fraud and a long-standing Internal Revenue Service claim, now placed at $54 million. Shenker's alleged ties to organized crime extend all the way back to the mid-1950s, when he represented more clients than any other attorney at the celebrated hearings conducted by Senator Estes Kefauver. "I never ask a client whether he is guilty, only how much the authorities know," Morris reportedly said at the time. His alleged involvement in state and national politics gave rise to a term, "Shenkerism," meaning gangster influence in politics. Shenker's lawyers resolved the DOL claim by settling property valued between $18 million and $30 million on the DOL. One down, one (IRS) to go.

AP/Wide World Photos

Morris Shenker

Liabilities, $109 million
Assets, $8 million

Billy (deceased) and Marilyn Hargis, husband and wife, filed in March 1983. Billy had been chairman of Aweco, Inc., an oil company itself in Chapter 11, that traded with Robert Sutton's companies. The Department of Energy alleged oil pricing violations in the amount of $54.5 million and has a claim against the Hargis' personal estate for $108.4 million, claiming that Aweco was nothing more than Billy's alter ego (for example, the company holds a $2.2 million mortgage on a property, apparently bought for a friend in Kansas, appraised at $1 million). Marilyn Hargis currently resides in Dallas; the debts have not been discharged.

And a runnerup who might just make negative nine digits. Liabilities so far, $100 million-plus; assets, $39.2 million. Charles Agee Atkins, son of an Ashland Oil chief executive, was general partner to a group of leveraged government-securities limited partnerships structured to take advantage of a quirk in the tax laws. As part of a prenuptial agreement, he promised his wife 50% of his income and half of their home and its contents as soon as the law might permit a nontaxable transfer. In the 40 months between the agreement and Charlie's filing, Mrs. Atkins received at least $4.5 million. Then the tax laws changed, and he filed under Chapter 11 in June 1984. Until April 1986 he was a debtor-in-possession. Creditors, claiming that his multimillion-dollar apartment at One Sutton Place in Manhattan was purchased with partnership funds, pushed him into liquidation. Though Atkins originally listed liabilities of $28.1 million, creditor claims already exceed $100 million.

Atkins' collapse has so far cost the Lauder family $3,110,495, Norman Lear $321,559, Michael Landon $243,865, Andy Warhol $299,627. It even hit such usually savvy investors as Laurence Tisch ($842,307) and Michel David-Weill ($1,678,171). Pending litigation may drag investors in even further. Atkins now lives in Amelia Island, Fla. in a modest $450,000 house. Mrs. Atkins was also discomfited: The Sutton Place home was put on the block. ■

It's said the rich get richer. They have to, considering what has happened to their overhead. Introducing:

The Forbes Four Hundred Cost of Living Index

By Harold Seneker with Christie Brown

WHO SAID IT WAS EASY being rich? Once you're a multimillionaire, your stay on Easy Street may well require a tolerance for creeping overhead. To live in a manner appropriate to your new station, you can't just keep up with inflation. You have to keep ahead of it.

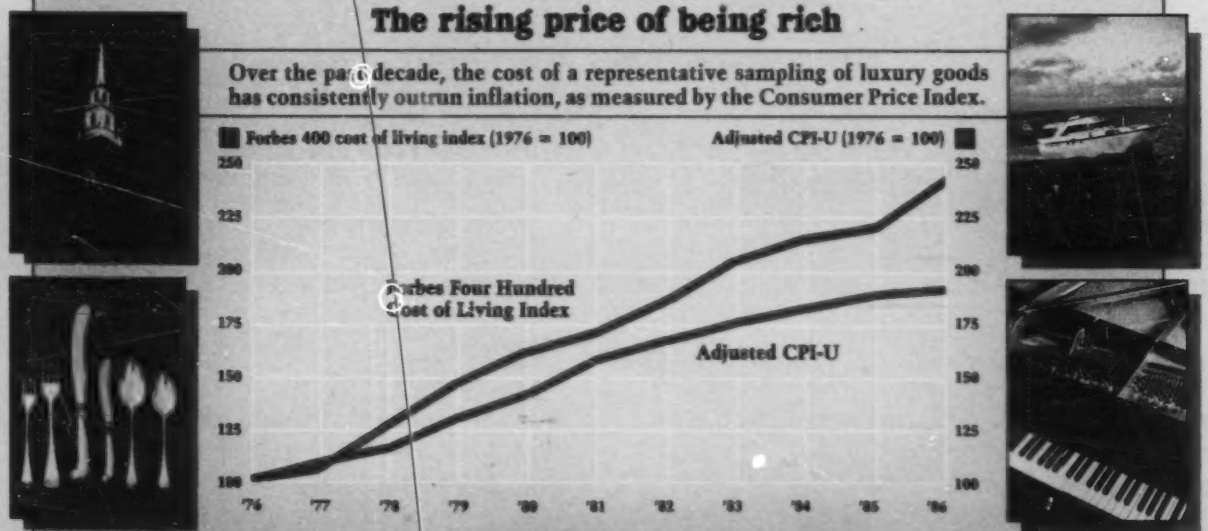
To find out how inflation has treated the superrich, FORBES compiled its own Cost of Living Index, 41 millionaire's staples that roughly—very roughly—parallel the spending categories in the much larger Consumer Price Index-U (covering all urban consumers), and tracked it over ten years. It tells an interesting tale.

We had to leave out several prime areas, you will notice. Truly expensive houses, artworks and antiques are one-of-a-kind, impossible to track year to year with any precision. Then there's the cost of servants; there are no reliable data. But our experience suggests that these categories harbor nothing to contradict our overall findings.

We did find some relative bargains. While the CPI-U has gone up 91% in ten years, a Learjet has increased only 72%. The cost of a phone call to your London broker has actually gone down. But for every item we checked that underperformed inflation, three outran it, some by striking amounts. Custom shoes at John Lobb in London? Up 363%. A yearling colt of routine parentage at the Keeneland select sales? Up 512%. A season box at the Met? 238%. Last year alone a good Russian sable jumped 26% at Maximilian. The CPI-U, remember, rose only 91% from 1976, with the housing component taken out, which is a closer match to our index, it was up only 82%. And The Forbes Four Hundred Cost of Living Index? Up a rousing 143% in the same ten years. ■

The rising price of being rich

Over the past decade, the cost of a representative sampling of luxury goods has consistently outrun inflation, as measured by the Consumer Price Index.



Centimillionaires' shopping list—1986

The goods and services listed below suggest that if you were a millionaire in 1976, you had better be worth close to $2.5 million now.

Apparel

Coat, natural Russian sable by Maximilian Fur Co., N.Y.
1976: $40,000 1986: $120,000 Change: up 200%

Dress, Adolfo Couture Classic
1976: $950 1986: $1,250 Change: up 32%

Loafers, Gucci
1976: $89 1986: $195 Change: up 119%

Shirts, 1 dozen cotton Turnbull & Asser, made to measure
1976: $448 1986: $1,080 Change: up 141%

Shoes, men's black calf wing-tip, custom-made, John Lobb, London
1976: $202 1986: $936 Change: up 363%

Educational expenses

School, preparatory, Groton, 1-year tuition, room, board
1976: $4,200 1986: $11,900 Change: up 183%

University, Harvard, 1-year tuition, room, board, insurance
1976: $5,900 1986: $15,400 Change: up 161%

Entertainment

Catered dinner, for 40, by Ridgewells, Inc., Wash., D.C. (Menu: soup, salmon, veal, dessert; wine not included)
1976: $2,200 1986: $3,600 Change: up 64%

Opera, 2 season tickets, Metropolitan Opera, Saturday night, box
1976: $480 1986: $1,620 Change: up 238%

Food at home

Caviar, beluga malossol, 1 kilo tin, average retail
1976: $283 1986: $973 Change: up 244%

Champagne, Dom Perignon, case, Sherry-Lehmann, N.Y.
1976: $300 1986: $595 Change: up 98%

Filet mignon, 7 pounds, Lobels, N.Y.
1976: $50 1986: $105 Change: up 110%

Food away from home

Dinner, La Tour D'Argent, Paris; Michelin estimated price
1976: $34 1986: $87 Change: up 156%

Home furnishings

Piano, Steinway & Sons, concert grand, Model D, ebonized
1976: $13,500 1986: $39,600 Change: up 193%

Flowers in season, arrangements for 6 rooms, changed weekly, by Christatos & Koster, Inc., N.Y., per month
1976: $1,400 1986: $2,000 Change: up 43%

Sheets, set of embroidered silk, by Pratesi, queen size
1976: $1,218 1986: $2,670 Change: up 119%

Silverware, Kirk Stieff Co., Colonial Williamsburg Shell pattern, 4-piece place setting, for 12
1976: $1,341 1986: $2,800 Change: up 109%

Lodging while out of town

Hotel, 2-bedroom suite, park view, The Sherry-Netherland, N.Y.
1976: $250 1986: $600 Change: up 140%

Medical care

Face-lift, Amer. Acad. of Facial Plastic & Reconstructive Surgery
1976: $4,000 1986: $5,000 Change: up 25%

Hospital, VIP, Washington Hospital Center, Wash., D.C., 1 day (2 bdrms, lvg rm, concierge, security, gourmet meals)
1976: $325 1986: $525 Change: up 62%

Psychiatrist, Upper East Side, N.Y, 45 minutes, standard fee
1976: $40 1986: $120 Change: up 200%

Personal services

Lawyer, established mid-Atlantic firm, partner, estate planning, average hourly fee
1976: $80 1986: $145 Change: up 81%

Spa, The Golden Door, California, basic weekly unit
1976: $1,250 1986: $3,000 Change: up 140%

Toilet goods and personal care appliances

Perfume, 1 oz., Joy by Jean Patou
1976: $100 1986: $210 Change: up 110%

Sauna, by Helo, Inc., 6x8 feet, 8-person, cedar, stained-glass window
1976: $5,000 1986: $7,500 Change: up 50%

Sporting goods

Motor yacht, Hatteras 53
1976: $214,700 1986: $517,300 Change: up 141%

Sailing yacht, Nautor's Swan 65
1976: $384,300 1986: $758,000 Change: up 97%

Shotguns, pair of James Purdy & Sons, at Griffen & Howe, N.Y.
1976: $20,000 1986: $57,000 Change: up 185%

Thoroughbred, yearling, average price at Keeneland select sales
1976: $67,300 1986: $411,700 Change: up 512%

Sports facilities

Swimming pool, Olympic, standard site
1976: $180,000 1986: $450,000 Change: up 150%

Tennis court, clay, standard site
1976: $25,000 1986: $37,000 Change: up 48%

Toys and hobbies

Train set, G gauge, by LGB, FAO Schwarz, N.Y.
1976: $178 1986: $325 Change: up 83%

Transportation, private

Airplane, Learjet 35A, standard equipment, certified 10 passengers
1976: $1,800,000 1986: $3,100,000 Change: up 72%

Helicopter, Sikorsky S-76, full executive options (introduced 1978)
1978: $1,300,000 1986: $3,400,000 Change: up 162%

Automobile, Rolls-Royce Silver Spirit (formerly Silver Shadow)
1976: $38,000 1986: $103,500 Change: up 172%

Transportation, public

Airline ticket, British Airways Concorde, round-trip N.Y-London
1976: $1,512 1986: $5,358 Change: up 254%

Utilities and public services

Telephone call, 10 minutes, AT&T, N.Y.-London
1976: $12 1986: $10.56 Change: down 12%

Other goods and services

Cigars, Cuban, box of Davidoff No. 2, Toronto
1976: $146 1986: $432 Change: up 196%

Magazine, Forbes, 1-year subscription
1976: $15 1986: $42 Change: up 180%

Suitcase, Loewe, black napa leather, 27-inch-long
1976: $739 1986: $1,600 Change: up 117%

Watch, Patek Philippe classic man's gold, leather strap
1976: $2,450 1986: $5,400 Change: up 120%

Photos, clockwise from top right: Bob Gelberg, Andrea Brizzi, Derek Berwin/The Image Bank, Paul Bowen/The Image Bank, Christaos, James Heffernan, John Chao, Colonial Williamsburg, Joe Wrinn

The 400 Richest People in America

IT HAS BEEN A SPLENDID YEAR for billionaires. In this fifth annual edition of The Forbes Four Hundred, wealth in ten digits has been identified for 26 persons, nearly double last year's tally. Media continued to make new billionaires: the Cox sisters, whose empire includes the TV program *Lifestyles of the Rich and Famous*, and *TV Guide* publisher Walter Annenberg. A hot stock market pushed up liquor magnate Edgar Bronfman and computer pioneer William Hewlett. We even saw a couple of returnees to the billionaires club, thanks to estimated trust income for Gordon Getty and new leads on the vast holdings of oil and railroad man Philip Anschutz.

There would have been even more billionaires in our total if the Dow Jones average had not taken that 120-point bath in mid-September, just before we priced all publicly held stocks *(see Rules, p. 110)*. Last-minute plunges kept John Dorrance (Campbell Soup), Gus Busch (Anheuser-Busch) and the brothers Tisch (Loews) from joining the party—for now, anyway.

Still, the minimum net worth of The Four Hundred jumped to $156 billion this year, a $22 billion gain. A goodly part ($1.7 billion) was added by Sam Moore Walton, who returns as top gun of The Forbes Four Hundred. With the Wal-Mart discount chain nearing its 1,000th store, his already considerable fortune rose 60% *(see box, opposite)*. The stock is high enough to put Sam's brother Bud on the list as well.

This year the list gained 56 new entries, a turnover rate of 14%. Two of our wealthiest freshmen are junk bond impresario Michael Milken and shopping-strip operator Jerry Moore, each of whom debuts at $500 million. Milken, the formerly well-concealed boy wonder of Drexel Burnham Lambert who's transforming the financial landscape almost single-handedly (FORBES, *Aug. 25*), is evidently doing well for himself, too. Moore is a gregarious Houstonian who claims our valuations of his properties, mostly obscure strip shopping centers, are "fire sale" prices. Settlement of the celebrated J. Seward Johnson estate places the late Band-Aid king's widow, Basia, on the list as well. Most other new entries fell into two broad categories: show biz and finance. Among the flashy set are game show magnate Mark Goodson, *Dynasty*-builder Aaron Spelling, rock 'n' roll hitmaker Dick Clark, Motown main man Berry Gordy, videocassette visionary Austin Furst and talk-show host Merv Griffin, who got rich by inventing the *Wheel of Fortune*.

By Peter Newcomb, Edward F. Cone and Eric Schmuckler
Edited by Harold Seneker
Illustrations by Stephen Alcorn

Financiers with a flair just coming aboard, in addition to Milken, include former Treasury Secretary William Simon (and partner Ray Chambers), Irwin (The Liquidator) Jacobs and leverage buyout kingpins Kohlberg, Kravis and Roberts. Saul Steinberg took his heavily leveraged Reliance Group public just before we went to press at a price that made him worth some $650 million, returning him to the list.

Another newcomer, computer programming whiz Bill Gates, took his Microsoft public and logged on with a $300 million fortune—and Gates is just 30 years old. Welcome, also, designer Ralph Lauren, chicken man Frank Perdue and Reebok's Paul Fireman (who ran up a stock fortune worth $270 million).

Of course, we had to make room for these new, or newly discovered, fortunes by dropping some familiar names from the past, including singing cowboy Gene Autry, *National Enquirer* publisher Generoso Pope and Amway Corp. founders Richard DeVos and Jay Van Andel. The

minimum net worth for inclusion in The Forbes Four Hundred jumped $30 million this year, to $180 million. And only a handful of people got in that cheap.

The continuing oil slump reduced the estimated fortunes of many Four Hundred members, none more dramatically than the Hunt brothers, whose oil and drilling empire, at current depressed prices, is worth about as much as the heavy debt load it carries. That helps explain the brothers' high-stakes lawsuit against their banks and subsequent Chapter 11 filings. For now, we credit Bunker, Herbert and Lamar Hunt only with personal wealth not pledged as collateral for the problem loans. But after decades of considerable oil income, each has enough money to place prominently on the list. Their sisters, Margaret Hill and Caroline Schoellkopf, have been affected by the oil crash but have so far managed to remain separate from their brothers' misadventures.

What passes in this young country for old money—very few of our fortunes can be traced back beyond the Civil War—remains the backbone of the list. But newer fortunes, amassed in days when dollars are cheaper, divided among fewer heirs, are leaving more of the old boys behind. Less than half the list is composed of purely inherited wealth, and of these a much smaller number is held by indolent coupon-clippers. Still, over 5% of the list represent du Pont money, and another 5% or so trace fortunes back to the names Mellon and Rockefeller.

Counting the wealth of the wealthiest Americans is, in the words of Winston Churchill, "one of those cases in which the imagination is baffled by the facts." No paperback writer or television scenarist could contrive a more textured or faster changing group of individuals. Some fortunes prove evanescent, others spring up in the most unexpected places. And so we present this year's Forbes Four Hundred, as they stand now. As for next year, we can only imagine. ■

Who moved the most?

Yes, the rich do get richer, and they do it faster, too. Media properties remained in vogue, and Wall Street, despite some recent knocks and sputters, remained an engine capable of driving fortunes to new peaks. Throw in some realignments of family wealth and another year of intensive research, and the number of Four Hundred members whose net worth increased by over 100% reaches ten. That's ten great fortunes that have at least doubled in the past 12 months.

Leading the way for the second year in a row was John Kluge, who cashed in on the media craze by selling most of his Metromedia concerns for a gain of 150%. Stacked on top of his 1985 estimated worth of $1 billion, that was enough to vault him into second place on the list. Another big gainer was recent U.S. citizen Rupert Murdoch, whose News Corp. stock rose enough to boost him over 140%, to $725 million. Bottler John Lupton struck a sweet buyout deal with Coke to jump by almost 120%. Mention must be made of the redoubtable Sam Walton. Although his Wal-Mart stock moved only enough for a paltry 60% growth in market value, that translates into a paper gain of $1.7 billion: The gain alone would be good enough for fifth place among The Four Hundred.

Not everybody fared so well. Big losers included the colorful Hunt family *(see above)*. Margaret Hunt Hill was our only billionaire to show a loss this year, dropping 28% but remaining among that elite. But sister Caroline Schoellkopf fell below a billion, and brother Bunker, who hasn't been a billionaire for a while, skidded another 55% amid his mounting legal woes. Similar fates befell brothers Herbert and Lamar. ComputerLand founder William Millard saw management strife and a long court case, among other troubles, erode his pile nearly 60%, to $200 million. And An Wang, a regular in this space since his stock peaked in 1983, slumped 23% in 1986.

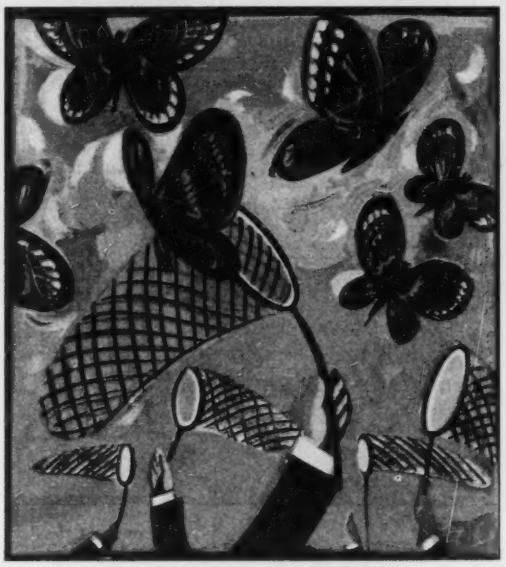
Some of this year's most auspicious leaps were more a result of the forces of time than of money. We saw fit to reapportion the empire of aging and ailing dynast Henry Crown, granting full control of the family's diversified investments to his son Lester, whose assigned wealth accordingly moved up over 135%. Chicago mogul Abe Pritzker passed away, so his two sons split the Pritzker fortune now. That, along with further probing of their nebulous affairs, bumped each up by 130%. Perry Richardson Bass, father of four present Rich Listers and on the list at $600 million last year, proved more retired than we thought: The time has come to redistribute the Bass wealth among the younger generation, leaving Perry with perhaps one "unit" of his own.

Each year brings a closer inspection of our old members, sometimes with surprising results. Key players in New York's cutthroat real estate game assured us we were way too low on cagey Larry Wien. We looked further and had to concur, doubling our previous estimate. Continuing research into the Mars family convinced us that their giant confectionery concern was even more valuable than we had believed; the secretive father and his two sons are all billionaires. A deeper dig into the affairs of Philadelphian Fitz Dixon turned up more assets and better management of his two inherited fortunes than we had previously thought; he took a 133% ride up the list to a more fitting $350 million. Campbell Soup heir John T. Dorrance, with the aid of this year's strong stock market, rose almost 90% and flirted with being a billionaire. Fugitive metal traders Marc Rich and Pincus Green were raised 150%; a closer look, and another year that they remained free, bettered our opinion—of their wealth, at any rate.

Research cuts both ways, of course. After years of quiet prodding from the good folks in Room 5600, the Rockefeller family office, we agreed that we had overstated the fortunes of Abby O'Neill and her nieces Abby Simpson and Laura Thorn. Old John D. was apparently somewhat biased toward the male heirs, leading us to lower Mrs. O'Neill by 56% and to remove the sisters completely. Idaho potato king Jack Simplot was battered by the farm slump; we had also overvalued his fertilizer and cattle operations, leading us this year to reduce our estimate more than 60%. Donald Hall, head of Kansas City's Hallmark, fell over 40% from last year's $760 million. Not that we are less than enamored of the company—we actually increased our valuation in 1986—but Staff Writer Robert McGough discovered that Donald's two sisters, Barbara Marshall and Elizabeth Reid, owned significant shares as well.

And the beat goes on. Preparations for the 1987 edition of The Forbes Four Hundred have already begun.

Rules of the Chase



THE FORTUNES of the very rich are difficult to calculate. Often it isn't even clear exactly who owns a great fortune. It is frequently parked at least partly in the names of the immediate family or concealed in private investment companies or, more difficult to find, in trusts, where the separate elements of ownership (control of principal, receipt of income, power to name heirs, etc.) are deliberately spread among different people to defend against inheritance tax laws.

To arrive at coherent estimates of wealth, we adopted a number of rules:

- Blocks of publicly traded stock are priced at the market close on Sept. 12, 1986.
- Privately held companies are valued according to estimated revenues and earnings, and to prevailing price/earnings ratios for publicly traded companies in similar businesses.
- When earnings aren't known, we adopt rule-of-thumb conventions. Newspapers, for instance, can be valued at 2 to 3 times revenues or 12 to 20 times cash flow less debt. TV and radio stations, cable systems and some newspapers are valued for us by authoritative media brokers.
- Among oil and gas producers we rarely go beyond putting fair valuation on their reserves, to be conservative. Some oil and real estate types don't put assets in their own name, so in one or two cases (e.g., Larry Wien) we were forced to rely on consensus estimates of knowledgeable peers. These are treated cautiously, since such estimates can be unreliable.
- In the matter of trusts and other intrafamily arrangements, we proceed on a case-by-case basis, applying common sense. Most trusts plainly exist to carry out a normal pattern of inheritance (to husbands, wives or offspring) and to minimize inheritance taxes. We look at who controls the wealth. The trusts are generally attributed to the person who created the wealth, if still alive and in control, or to the principal controlling family member or members (and not the family lawyers), if he is not.

Obversely, spendthrift trusts, meant to keep control out of the hands of beneficiaries, are not credited to the beneficiaries. The estimated trust income is so credited, while principal is generally assigned to the controlling family members.

For an example, consider the Getty family. For years Gordon Getty, as sole trustee of the major family trust, made all investment decisions—such as selling Getty Oil to Texaco—without any other family members. He also controlled distribution of trust income for himself, one brother and nieces and nephews.

The principal was never his to bet at the racetrack or spend on wine, women and song. But otherwise his power was nearly absolute, and he already owned more spending money than he could personally use outside the trust. In a practical sense he differed little from the outright heir, not spending capital, responsibly managing a fortune for himself and his family and for their posterity. As the Getty fortune is broken up into several trusts, other family members will acquire similar powers and be included.

Lawyers sometimes say a trust is "owned" by those who ultimately will receive the principal—here, the next generation of the Getty family. But, in fact, the next generation has no power to spend or invest principal or to disburse income to themselves. It is difficult to take such "ownership" seriously—if Gordon's wife were pregnant, the unborn child would, following the lawyers, be counted as one of the richest people in America. The controlling person's powers may be weakened by the limitations of the trust, but every other party's claim to present "ownership" is far weaker still. Where one family member thus controls a fortune, we count him, despite legal artifice, as the practical owner. Meanwhile, for Gordon's brother, Jean Paul Getty Jr., the same trust is effectively a spendthrift trust—we count only his accumulated share of the income as his fortune. Irrevocable charitable trusts and foundations are not counted.

Wealth in the names of spouses and other immediate family members is generally assigned to the principal family member, especially where the family ties are close and members share an interest in a business. A prime example is Sam Walton, who set up a family holding company with his four children in the late 1960s, before his Wal-Mart Stores went public. He and each child have 20% in his or her own name, but there can be little doubt whose fortune it really is, within this close and mutually trusting family. Exceptions are made where family or business ties have been broken or seriously frayed, but not in Sam Walton's case. ■

The Forbes Four Hundred

Billionaires

Illustrations by David Johnson

Samuel Moore Walton

Samuel Moore Walton

Wal-Mart Stores. Bentonville, Ark. 68. Married, 4 children. Brief stint selling shirts for J.C. Penney provided a role model, merchandising knowhow. Opened Ben Franklin store in Newport, Ark. 1945, 5 years later lost lease. Started again in Bentonville, with brother James L. *(which see)*, capitalized on hunch about discount stores. By 1970, 30 Wal-Marts, went public. Today over 950 stores, mostly the main retailer in small towns. "There was a lot more business in those towns than people ever thought." Divides time between store visits, simpler pursuits: tennis, family, hunting quail. Spearheaded "Buy American" campaign since 1985. Wife Helen and 4 children on board of family investment company, Walton Enterprises (Wal-Mart stock, banks, real estate); Sam, each child owns 20%, Sam still calls shots. Worth $4.5 billion.

John Werner Kluge

Metromedia. Charlottesville, Va. 72. Twice divorced, remarried; 3 children. German-born, family settled in Detroit 1922. Briefly on Ford assembly lines, won scholarship to Columbia; graduated with economics degree. Army intelligence captain WWII; started DC radio station after war. Sold Cheetos, Fritos, bought real estate. With partners got control Metropolitan Broadcasting 1959; parlayed into Metromedia. Took company private 1984 in much celebrated $1.2 billion buyout. His 26% stake drew about

John Werner Kluge

$115 million cash, plus over 75% of new firm, 93% voting stock. Liquidating ever since: sold 7 TV stations to Rupert Murdoch *(which see)* for $2 billion 1985; 11 radio stations 1986, $285 million; his share outdoor advertising business 1986, $300 million. Also Ice Capades, Globetrotters: $30 million. Biggest surprise: $1.2 billion sale to Southwestern Bell of most cellular, mobile telephone interests. Even after taxes, net worth well over $2.5 billion. With all that cash, rumored to be on the prowl for CBS, Orion Pictures, Occidental. *Klug* is German for "clever."

Henry Ross Perot

Electronic data management. Dallas. 56. Married, 1 son, 4 daughters. Son of a Texas horse trader, sold saddles as a teenager. After four years in Navy became top IBM salesman (once achieved annual quota in 19 days). Left IBM when boss wouldn't buy idea for computer "how-to" company. With $1,000 founded Electronic Data Systems

Henry Ross Perot

1962. Company spirits soared with stock price, dampened when stock fell, handing Perot record $1 billion loss in day's trading, 1970. Philosophical: "That was Mickey Mouse." Tireless crusader, failed to save 2 struggling Wall Street firms 1974, successfully sprung 2 EDS employees from Iranian prison 1979. Secret: "Push, push, push, harder, harder, harder. That's my nature." Sold EDS to General Motors 1984 for $1.2 billion cash and stock. As GM director, self-described "irritant," livens meetings, travels to dealerships incognito to sample salesmen. "Push, push, push." Philanthropist: donated Magna Charta to National Archives 1984. Shops K mart and Neiman-Marcus. With stock, oil, gas, real estate and other investments worth over $2.5 billion.

David Packard

Hewlett-Packard. Los Altos Hills, Calif. 74. Married; 1 son, 3 daughters. Stanford student standout: football, basketball, track, Phi Beta Kappa. With $538, classmate Bill Hewlett *(which see)*, launched electronics firm from garage 1939. Affable Dave supplied business savvy, Bill engineering talent; wives worked to support them. Grew from a single drill press to world-class company (1985 sales, $6.5 billion). Secret: good management, cautious expansion. H-P executive: "We like to sneak up on things." Success in high technology, audio oscillators, later calculators and small computers. Left H-P 1969-71 for Deputy Defense Secretary post under Nixon. Now chairman H-P. Also chaired Blue Ribbon Commission on Defense Management under Reagan (monitored Pentagon spending). Devoted rancher, gardener in spare time. His 17% H-P worth about $2 billion. Original garage now on tourist bus circuit.

David Packard

Warren Edward Buffett

Stock market. Omaha. 56. Married, 3 children. Brilliant protégé of Columbia Univ. business professor and prophet of asset-based valuation Benjamin Graham. Launched family-owned investment firm with $100,000 in 1955, at 25; dissolved 1969 after 30-fold increase, no down years. Took over New England textile firm, Berkshire Hathaway Inc., 1965; now diversified holding co.: publishing, retail, insurance, large bond portfolio. Record growth: 22% compounded annual rate for over 20 years. Maxim: "Rule No. 1: Never lose money. Rule No. 2: Never forget Rule No. 1." Contracted to purchase 18% Capital Cities/ABC 1985, cementing their merger. Market agnostic; disciplined investor: "My problem is I don't get 50 great ideas a year."

Warren Edward Buffett

Leslie Herbert Wexner

The Limited, Inc. Columbus, Ohio. 49. Single. Law school dropout; equally disillusioned working at father's clothing store. Aunt lent him $5,000 to set up shop specializing in women's sportswear. "I thought that from a customer's point of view it would be an easier store to shop in." First year sales $159,000; last year over $2 billion. Stores feature bright, irreverent clothing, European flair. Fabricated "Italian designer" Forenza, created most successful U.S. sweater. Distributes responsibility and benefits: 50 Limited executives millionaires. Purchased Lane Bryant 1982, Lerner 1985, also upscale Henri Bendel. Bid for Carter Hawley Hale failed 1984. Shuttles between Columbus and NYC ("Just another branch office"), workaholic who prizes hideaways in Aspen, Palm Beach. Enjoys solitary recreation: avid skier, jogger, now yachtsman (purchased 140-ft. *The Limitless* this year). Supports arts (part-owner Sotheby's), Jewish causes, Columbus development and alma mater Ohio State. Publicity shy. "I can't just work quietly and be unobserved." Stock doubled from last year. Including other investments, worth at least $1.4 billion.

Prefers burger and Cherry Coke to gourmet cuisine. His 45% BH worth about $1.4 billion.

Leslie Herbert Wexner

The Forbes Four Hundred

Forrest Edward Mars Sr.
Forrest Edward Mars Jr.
John Franklyn Mars

Candy. Son, 2 grandsons of Frank and Ethel Mars, Seattle candymakers. Moved to Minnesota 1920 after two failures, 1914 bankruptcy. Struck gold with Milky Way recipe 1923. Frank financed son Forrest's British candy business to keep him distant (d. 1934). Forrest Sr.: Las Vegas. 80s. (Spokesman: "Nobody's got the courage to find out how old he is.") Married; 2 sons, 1 daughter. Built empire overseas, returned 1940 as one-third owner; added M&M's, Uncle Ben's Rice. Bought out half-sister, got full control from rest of family 1964. Mars, Inc. now world's largest confectioner (also pet food, vending machines, etc.); sales over $6 billion, over 30% of U.S. candy bar market. Higher profits via tighter costs, cheaper wrappers: "They don't eat the package." High turnover keeps salaries down: "There aren't many gray heads at Mars." Supersecretive: Industry calls it the Kremlin of candy. Forrest Sr. retired 1973, runs fine chocolates boutique Las Vegas. Self-described religious man: "I pray for Milky Way, I pray for Snickers."

Forrest Edward Mars Sr.

Forrest Jr.: McLean, Va. 55. Married, 4 daughters. Secretive like father but said to be more congenial with intimates. Once ran Dutch unit, now copresident, considered CEO. Honing candy's new image: gives energy, not pimples; expanding into granola bar market with Kudos bar. John: Arlington, Va. 51. Married; 1 son, 1 daughter. Called brusque, strong-willed; said to have inherited father's, grandfather's autocratic manners. Began in Australian operation, now copresident. The 3 share control of company believed worth nearly $4 billion (much in trusts).

Lester Crown

Inheritance, industrialist. Chicago. 61. Married, 7 children. Son of legendary Chicago financier Henry Crown. Henry born to poor immigrant Chicago family; "the Colonel" (title as WWII procurement officer) built empire on small sand and gravel company, Material Service Corp., 1919; merged with General Dynamics 40 years later for stock, currently totals 23%. Also real estate, e.g., Empire State Building bought 1951 with borrowed money, sold 1961 for $31 million profit. Henry, 90, ailing; control passed to son Lester, but "we keep him up to date." Lester continuing real estate, mostly partnership with Tishman-Speyer; codeveloped 7.5 million sq. ft. so far. Still on GD board; kept challenged high-level security clearance when recent ruling found for him on all counts. Five children active in business; son James, 33, likely successor. With real estate, huge investment portfolio (incl. Chicago Pacific, Hilton Hotels, Burlington Northern), interests in Chicago (basketball) Bulls, New York Yankees, Lester oversees family fortune over $1.3 billion.

Lester Crown

Gordon Peter Getty

Inheritance. San Francisco. 52. Married, 4 sons. Fourth son of billionaire J. Paul Getty. Left company 1966 following unsuccessful lawsuit against father over dividends; only family member at father's deathbed 1976. Sold family's 40% stake Getty Oil, controlled in trust by him, to Texaco 1984; family opposed, but sale price nearly double stock price. Saw family trust realigned following other

Gordon Peter Getty

heirs' suit; taxes $1.1 billion; his share should be $750 million. Prefers recognition as composer rather than businessman; has received some critical acclaim for his work; music performed in Carnegie Hall. Recently lost battle with Citicorp for control DC bank. Wife Ann active socialite, publisher. With trusts, income, investments, net worth should exceed $1.2 billion. *(See also other Gettys.)*

Jay Arthur Pritzker

Robert Alan Pritzker

Brothers. Financiers. Progenitor Nicholas Pritzker left Kiev ghetto for Chicago 1881; started Pritzker & Pritzker law firm 1902. Son Abram left law for business 1936; became Chicago legend; d. Feb. 1986; sons built, control many varied interests. Son Jay: 64. Married, 5 children (1 deceased). Navy pilot WWII; followed father's footsteps in law and business; now one of country's foremost dealmakers. Prefers buying with little risk: "The real risk is the embarrassment of a failure." With brother Donald (d. 1972) built Hyatt Hotel chain; now run by Jay's son Tom, 36. Brother Robert: 60. Divorced, remarried; 4 children. Only engineer in predominantly lawyer family. Runs Marmon Group, umbrella for over 65 manufacturing cos. Brothers purchased *McCall's* magazine for $8 million 1973 from Norton Simon *(which see)*, now worth over $150 million. Also vast real estate, timberland; Braniff International through 90%-owned Dalfort Corp. Picked up profitable Conwood Corp. 1985 for $401 million (tobacco, snuff). Rumored late 1985 to be stalking ITT with 2% of stock; now completely sold out. With numerous other holdings, brothers share control of fortune worth over $2.3 billion.

Jay Arthur Pritzker

Robert Alan Pritzker

Henry Lea Hillman

Industrialist. Pittsburgh. 67. Married, 4 children. Low-key son of Pittsburgh coal broker, Mellon antagonist John Hartwell Hillman Jr., who built up Pittsburgh Coke & Chemical, other heavy industrials. Henry joined business 1946, took over at father's death 1959; transformed company by selling off smokestack assets, redeploying into high technology, real estate, venture capital: "I'm sure [my father's] turned over in his grave many times." Early backer 1976 Kohlberg Kravis Roberts & Co. Liked results, swung own LBO: Trailways, Inc. bus company 1979. Sits on boards of GE, PNC Financial, Cummins Engine and Chemical Bank. Shrewd, self-assured; hates publicity: "The whale only gets harpooned when he spouts." Wife Elsie active in Pittsburgh civic, political affairs; no children active in business. Vast investment portfolio, despite venture capital strikeouts, exceeds $1.1 billion.

Henry Lea Hillman

Barbara Cox Anthony

Anne Cox Chambers

Sisters. Inheritance. Daughters of James Middleton Cox, farm boy who bought *Dayton* (Ohio) *Daily News* for $26,000; rose to become Ohio governor. With v.p. running mate FDR lost presidential bid 1920. Returned to media; amassed huge empire; d. 1957. Since brother James Jr.'s death 1974, daughters share 98% Cox Enterprises: 21 daily newspapers (incl. flagship *Atlanta Journal and Constitution*), 22 week-

lies, 3 magazines. Antitrust prompted spinoff of Cox Communications (broadcasting) 1964. Took private, merged into Cox Enterprises in 1985 with $1.27 billion cash tender offer. Cox Communications now has 8 TV stations, 12

Anne Cox Chambers

radio, with over 1.5 million cable-TV subscribers, TV syndication (including *Lifestyles of the Rich and Famous)*, etc. Barbara: Honolulu. 63. Divorced, widowed, remarried; 2 children. Runs ranching interests in Hawaii, Texas, Australia. "My sister and I are in on all the big decisions." Third husband Garner Anthony, 57, current chairman, wary of outside advice: "No one should try to tell us what to do with our investment." Son James Cox Kennedy, 38, vice president Cox Enterprises. Anne: Atlanta. 66. Divorced, 3 children. Noted society hostess; civic leader. Ambassador to Belgium for, friend of, Jimmy Carter. Both women are on board, company is worth over $2 billion.

Harry Brakmann Helmsley

Real estate. NYC. 77. Divorced, remarried; no children. Son of dry goods salesman, worked as $12-a-week office boy in Manhattan realty firm; officer at 23. Today Helmsley-Spear, Inc. well over $5 billion real estate: 50 million sq. ft. commercial, incl. Empire State Bldg. lease, 50,000 residential units, 13,000 hotel rooms. With Larry Wien *(which see)*, pioneered real estate syndication. Now consolidating: selling partnership properties, buying solo. Building $300 million mixed-use complex in Fort Lee, N.J. Prefers making money to spending: "I am buying art, and I don't know what art should cost. I don't even know what a pound of steak should cost." Second wife, "Queen" Leona, heads hotel chain. Gave $33 million to New York Hospital 1986. Swims daily, likes ballroom dancing. Worth "somewhat over a billion dollars," by own estimate. "I would have liked to have bought Manhattan from the Indians for $24. It had a future."

Harry Brakmann Helmsley

Samuel Irving Newhouse Jr.

Donald Edward Newhouse

Brothers. Publishing. Father Samuel I. born in lower Manhattan tenement to poor East European immigrants. Managed *Bayonne* [N.J.] *Times* as teenager; went on to build country's largest privately owned newspaper group. Gained reputation for cost-cutting. No office, worked from briefcase. After death 1979, sons took voting stock, kept hands off editorial. Advance Publications now 29 newspapers, 11 U.S. magazines, book publishing, extensive cable; revenues over $2 billion. Si: NYC. 58. Married, 3 children. Runs Condé-Nast magazines

Samuel Irving Newhouse Jr.

Donald Edward Newhouse

(Vogue, Glamour, Vanity Fair, Gourmet, etc.), Random House book publishing; 30 million-plus circ. *Parade* magazine. Workaholic: at desk by 4 a.m. Handled publicized deal to buy *New Yorker* 1985 for $168 million, but "at this point in my life, prestige is not anything I'm into." His son Samuel III, 34, publisher (N.J.) *Jersey Journal*. Donald: NYC. 57. Married, 3 children. Runs newspapers (circ.: over 3 million), cable-TV business (1 million subscribers). His son, Steven, *Jersey Journal* editor. Brothers opposing one of history's largest estate tax cases: IRS wants $914 million, including $305 million fraud penalties; family claims $47 million is due. Pending resolution, brothers share fortune worth at least $2.3 billion.

—

David Rockefeller

Inheritance, banking, real estate. NYC, Tarrytown, N.Y. 71. Married, 6 children. Grandson of John Davison Rockefeller; youngest of five in his generation. Only one with successful career in traditional family business (the Chase Bank, now Chase Manhattan). Ph.D. economics 1940, CEO bank 1969-81. Assumed role as international statesman; arrival in South American capitals sometimes sparked riots. Major role NYC real estate, including backing ill-fated Westway project. Succeeded brother Laurance as chairman Rockefeller Brothers Fund, major philanthropic arm their generation. Oversaw family's recent cash-out on Rockefeller Center, acceding to wishes of cash-hungry younger relatives. His investments in real estate, share of family trusts believed worth over $1 billion. *(See also other Rockefellers, O'Neill.)*

David Rockefeller

Edgar Miles Bronfman

Seagram Co. NYC. 57. Married 4 times (twice to current wife); 7 children. Grandfather emigrated from Russia. Father Samuel Bronfman ran small hotel, went into liquor industry in Canada during Prohibition. Incorporated Distillers Corp. Ltd., acquired Joseph E. Seagram & Sons Ltd. 1928. Montreal-based liquor company largest producer and marketer distilled spirits and wine in world. Liquor industry declining, offset by 22.5% stake in Du Pont and a "very important voice in its management." Also 10% stake Cadillac Fairview through family trust CEMP Investment. Seagram family owns almost 40% of company; Edgar Sr. owns or controls 16%. Son Edgar Jr. recently chosen heir apparent. Senior heads World Jewish Congress. Net worth at least $1 billion. "Making money is marvelous and I love doing it and I do it reasonably well."

Edgar Miles Bronfman

Marvin Davis

Oil, entertainment. Denver and Beverly Hills. 61. Married, 5 children. British immigrant father did well in women's dresses, left Manhattan for oil business after WWII. Marvin joined 1947, bought many cheap oil leases in unpopular Rockies; became "Mr Wildcatter," one of U.S.' biggest. Sold half oil properties to Hiram Walker 1981 for $630 million, before crash. Sold interest in 4 Denver office towers 1982 to Prudential for $500 million, before crash. Wanted to make "fun investments." Bought 20th Century-Fox with Marc Rich *(ubich see)* 1981; paid $20 million for Beverly Hills home of Kenny Rogers 1984. Sold Fox in stages to Rupert Murdoch *(ubich see)* last year; kept some real estate, $350 million profit; entertainment cos. at historic highs. Sold more oil properties 1985 for $180 million. Largely out of oil, into cash. Now prowling: bid for CBS rejected 1986. A billionaire. "No one scares me off."

Marvin Davis

The Forbes Four Hundred

Walter Hubert Annenberg

Publishing. Wynnewood, Pa; Rancho Mirage, Calif. 78. Divorced, remarried; 1 daughter. Son of Moses Annenberg, tough founder of Triangle Publications (d. 1942). Took over debt-ridden firm age 32 ("I was just a well-fed house dog"); built to preeminence. Launched *TV Guide* 1953; now among country's most profitable. Also *Seventeen, Daily Racing Form, Good Food*. Former ambassador Court of St. James's. Triangle Publications, other holdings, worth over $2 billion. Each of 5 living sisters *(which see)* and families of 2 deceased owns over 9%. Walter votes all shares, holds about 35%; with extensive art collection, real estate, worth $1 billion.

Walter Hubert Annenberg

Margaret Hunt Hill

Inheritance, oil. Dallas. 71. Married, 3 children. Eldest child of H.L. Hunt *(see other Hunts, Schoellkopf)*. Stayed out of famous brothers' silver play; now suing to stay out of their Chapter 11 filings. Reportedly insisted "the boys" use additional personal assets to secure principal family holding, Placid Oil, after 1980 silver crash; she denies. With sister Caroline, withdrew her share (plus trusts she controls for incapacitated brother Hassie) from family's oil trusts 1983. Learned oil business traveling with H.L. as young woman; now has own oil operation, also real estate. Strong-minded; dominates family meetings: "She seemed dedicated to reminding the family that they were Hunts and should act accordingly." Fortune, including Hassie's trusts, believed worth at least $1 billion.

Margaret Hunt Hill

William Redington Hewlett

Hewlett-Packard. Portola Valley, Calif. 73. Widowed, remarried 1978; 5 children, 5 stepchildren. After graduating Stanford 1939 invented audio-oscillator in Palo Alto garage with David Packard *(which see)*. Incorporated in 1947 as designer/manufacturer precision electronic equipment. Expanded into computers 1966. Now revamping computer division to develop innovative RISC Spectrum program (stripped-down circuiting to increase speed of performance). Vice chairman. Owns Idaho cattle ranch in conjunction with Packard. His remaining 12% stake in H-P worth $1 billion.

William Redington Hewlett

Philip Frederick Anschutz

Oil, investments. Denver. 46. Married, 3 children. Father built Midwest oil business. Phil bought him out early 1960s; sold drilling rigs, bought oil, gas leases. Major find: Anschutz Ranch East in Wyoming, Utah ("the kind of field that gives oilmen goose pimples"); sold half his interest to Mobil 1982 for $500 million. Other oil, minerals (cobalt, tungsten, etc.); ranches (11 million acres); stocks (Pennwalt, Ideal Basic). Bought Rio Grande RR for $500 million 1984: "It was a steal." Recently sold Denver skyscrapers, kept fully leased Anaconda Tower. Reputed worldwide energy ventures with foreign governments. Net worth may yet be $1 billion.

Philip Frederick Anschutz

The Forbes Four Hundred

$500 Million or More

Samuel Jayson LeFrak

Real estate. NYC. 68. Married, 4 children. Family's fourth generation in NYC real estate: "I've got concrete in my veins." Sam now largest U.S. apartment owner: 87,000 units, most in NYC area. Starting huge Newport City in N.J., across from World Trade Center: 400 acres, 9,000 units housing, 4 million sq. ft. office, 1 million sq. ft. malls, marinas, museum for his French Impressionist collection ("Jersey's a little light on museums"); partners with Melvin Simon *(which see)*. Also gas and oil interests, music publishing and management (Streisand, Diana Ross): "A song I don't have to paint every two years." Also Broadway's *Cats*, TV's *Fame*. Gregarious. Worth at least $950 million.

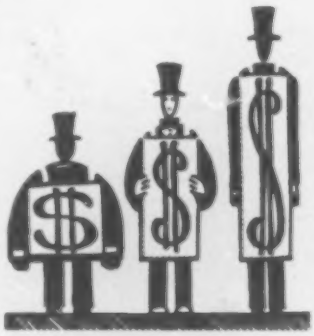
Laurence Alan Tisch

Preston Robert Tisch

Brothers. Loews Corp. Close-knit siblings bought N.J. resort with father 1946; 12-hotel chain by 1955; gained control Loews 1960. Now highly profitable $6.7 billion (1985 revenues) conglomerate (Lorillard Tobacco, CNA Financial insurance, Bulova Watch, hotels; movie theaters until 1985). Over half of assets in investment portfolio. Succeeded where others (Jesse Helms, Ted Turner *[which see]*) have failed: began buying CBS stock as "white knights," presently hold almost 25%; brothers now effectively control network; Larry acting CEO following recent palace coup with ally William Paley *(which see)*. Larry: NYC and Rye, N.Y. 63. Married, 4 sons. "Mr. Inside," behind-the-scenes financial and strategic genius. CBS board member. Bob: NYC and Harrison, N.Y. 60. Married, 2 sons, 1 daughter. Gregarious "Mr. Outside," logged over 120,000 miles a year traveling to company properties. Named Postmaster General 1986; resigned Loews' offices. Brothers well respected on Wall Street for fundamental investment skills. Millions to NYU (Tisch School of the Arts), Jewish causes. Larry at CBS and Bob in D.C. share ownership over 19 million shares Loews; with proceeds sale Loews stock, real estate worth at least $1.9 billion.

Edward John DeBartolo

Shopping centers. Youngstown, Ohio. 68. Married; 1 son, 1 daughter, both in business. At 13, wrote bids for stepfather, a paving contractor. After Notre Dame, WWII; plunged 1949 on untested idea: suburban shopping centers. Plunged again 1960s on giant regional malls. Now largest U.S. mall developer and manager ("It's a *biiig* operation"): 60 million sq. ft.; 55 major malls. Also offices; hotels; condos; much land around malls. Family owns 3 racetracks, San Francisco (football) 49ers. "Mr. D" works 6 a.m. to after dark, only 7-hour Sundays; proud never to have taken a vacation. Worth more than $900 million. "I'm going to keep going until somebody hits me in the face with a spade. Period."



Average net worth among The Forbes Four Hundred is at least $390 million.

William Bernard Ziff

Publishing. Manalapan, Fla. 56. Divorced; 3 sons. Father was WWI aviator, noted lecturer, author; cofounded Ziff-Davis 1936; died 1953—William Jr. was 23. Bought out Davis. Recognized uses of upward mobility, expanded: *Boating, Yachting, Flying*, eventually 50 magazines. TV stations 1970s. Sold stations for $100 million 1983; 12 business magazines to Rupert Murdoch *(which see)* for $350 million, 12 consumer magazines to CBS, $362 million, both 1985. Selling electronic services divisions. Keeping computer magazines, but "I'd rather build houses. The money is not to build an empire." Net worth exceeds $900 million.

John Thompson Dorrance Jr.

Inheritance. Gladwyne, Pa. 67. Divorced, widowed, remarried; 3 children by first wife, 4 step-children. John Sr. left academe for $7.50/wk. job at Campbell Soup Co. Brainstorm: condensed soup in a can. Became pres. 1914, died 1930 willing then-third-largest U.S. estate (company plus investments) to 5 children (4 daughters now deceased; *see Hamilton, et al.*). One-third inheritance to John Jr. and family. "Not a penny to charity." John Jr. gives much often, reportedly mostly anonymous. Joined company 1946, worked as assistant to pres.; chairman from 1962 during much growth, acquisitions (Swanson, Pepperidge Farm). Retired 1984 age 65 after open-heart surgery 1981. He controls some 16 million immediate-family shares through trusts; other assets: fortune worth at least $900 million.

Laurance Spelman Rockefeller

Inheritance, investments. NYC and Tarrytown, N.Y. 76. Married; 3 daughters, 1 son. Grandson of John D. Rockefeller; middle brother of five; grew up closest to brother Nelson. Early venture capital with principal from huge 1934 trust: Eastern Air Lines, McDonnell Douglas, more recently $100 mil-

lion gain on Apple Computer. Vast real estate St. Croix, Wyoming, etc. Developed exclusive Rockresorts: swanky, remote vacation spots. Proponent failed NYC Westway project. Major philanthropies: $36.2 million gift Memorial Sloan-Kettering, $10 million to Princeton. His, family's portion Rockefeller fortune estimated around $900 million. *(See also other Rockefellers.)*

Caroline Rose Hunt Schoellkopf

Inheritance, oil, real estate. Dallas. 63. Divorced, remarried; 5 children by first marriage. Second daughter of H.L. Hunt *(see other Hunts, Hill)*. Avoided brothers' 1980 silver debacle; separated her trusts 1983; suing to avoid brothers' Chapter 11. Owns Rosewood Resources oil company, but main focus superluxury hotels: Beverly Hills, Hawaii, 2 in Dallas incl. opulent $250 million Crescent Court hotel/office/retail complex; sold Houston hotel at loss 1985. Lives frugally, except when visiting hotels: "For the first time, do you know, I have an excuse to live luxuriously." Sister: "You would never find Caroline not being nice to people." With oil decline, no longer a billionaire.

50 members of The Forbes Four Hundred have fortunes derived principally from financial operations. (In 1985, 45.)

August Anheuser Busch Jr.

Anheuser-Busch. St. Louis. 87. Widowed, twice divorced, remarried; 10 children. Adolphus Busch, Bavarian immigrant, began operation Anheuser-Busch 1876. Company made corn syrup and yeast during Prohibition; Budweiser before and after. August Jr. ran company 1946-75. Busch holds nearly 40% of U.S. beer market. Also, St. Louis (baseball) Cardinals. "My ambition is, whether hell or high water, to get a championship baseball team for St. Louis." (World Series loser 1985, winner 1982.) At 82, first American to capture Queen's Cup coaching title (precision horse and carriage driving). Son, August III, 49, heads company, but August II holds stock worth $860 million.

Alfred Alfred Taubman

Real estate, art. Bloomfield Hills, Mich.; Palm Beach. 61. Divorced, remarried (to former Miss Israel); 3 children. Started construction with $5,000 loan 1951; built 200 gas stations for pal Max Fisher *(ubich see)*. Developed strip shopping centers; large-scale regional malls 1960s; now controls 20 upscale malls, 24 million sq. ft. retail space. Led Irvine Ranch buyout 1977; $150 million profit 1983. Owns 60% Sotheby's, Woodward & Lothrop department stores (D.C.), 100 movie screens, A&W restaurant franchisor: "Selling art has much in common with selling root beer." Failed takeover of Pulitzer Publishing Co. 1986. Net worth over $800 million.

Michel Fribourg

Grain trader. NYC. 73. Widowed, remarried; 5 children. Belgian family began trading grain 1813. Started U.S. operation 1921 as Continental Grain; completed move after France fell 1940. Michel (Army intelligence WWII) took over after father's death 1944. Controls 20% world grain trade, revenues over $14 billion (2nd to Cargill, *ubich see*). Surrounds self with talent: "many egos, but only one opinion." Still chairman; son Paul, group president, taking on responsibilities. Michel, long publicity-shy, lately in news criticizing government trade policies. With 3.3 million shares Overseas Shipholding, 90% Continental, net worth should exceed $800 million.

Sid Richardson Bass

Edward Perry Bass

Robert Muse Bass

Lee Marshall Bass

Brothers. Oil, investments. Fort Worth. Legendary oilman Sid Richardson (d. 1959) left bulk of estate to foundation, rest to nephew Perry Richardson Bass, whose mother lent Sid $40 to start in oilfields 1930s. Perry built huge private oil empire; turned over business to son Sid 1968: "I am going sailing." Navigated Ted Turner's World Open championship win 1972. Sid: 43. Married, 2 children. Expanded fortune dramatically from oil (still vast holdings) to stock, other investments; sold 9.7% Texaco back to co. for estimated $400 million profit 1984; also Disney, et al. Brothers, all Yale grads, lost bid for congressional bill to split family holdings tax-free 1984; got private ruling from IRS 1985, now operating independently; much still held in common. Edward: 41. Single. Pursues avant-garde arts, $30 million Biosphere in Arizona desert, hotel in Katmandu, etc. Robert: 38. Married, 2 children. Feeling overshadowed by Sid, formed own co., took over family's real estate activities (but not downtown Fort Worth towers) 1984. Sold his Disney shares to invest in Alexander's, lately has acquired 19.5% of Taft Broadcasting. Lee: 30. Married, childless. Operates with Sid; they still have 18% Disney, big stake American Medical Intl. Otherwise quiet; Sid: "I just want to disappear." Philanthropic: Most of wealth in common interests oil, real estate, stock, etc. in which each brother still has undivided interest; total, incl. separate investments, exceeds $3.2 billion.

John Thomas Lupton

Coca-Cola bottler. Chattanooga, Tenn. 60. Married, 4 children. Grandfather John T. got right to bottle/distribute Coca-Cola 1899.

22 members of The Forbes Four Hundred have fortunes derived principally from retailing. (In 1985, 19.)

Used piece of patent medicine fortune to finance first Coke bottling plants (d. 1933). Father Carter took over; bought, sold Coke franchises at frantic pace (d. 1977). After PT boat assignment with Navy, "Jack" joined business as bottle washer. JTL Corp. now largest bottler in U.S.: Texas, Arizona, Colorado; volume over $650 million. Agreed to sell to Coca-Cola 1986 for $1.4 billion. "The timing was right for this." Jack's good timing, 70% JTL should net him $785 million.

Paul Mellon

Inheritance. Upperville, Va. 79. Widowed, remarried; 2 children by first wife *(see Timothy Mellon, Catherine Conover)*. Grandfather Thomas started Mellon Bank forerunners, venture capital; family got significant chunks Gulf Oil, Alcoa, General Re, Koppers, etc. Empire advanced by Paul's father, Andrew (U.S. Treasury Secretary 1921-32, founder of National Gallery, d. 1937). Paul floated into, then out of, family businesses. Patrician lifestyle-raising horses on 4,400-acre estate, collecting art on giant scale. After lavish donations art ($31 million building, perhaps $100 million in art to National Gallery, $18 million building, perhaps $100 million in art to Yale, etc.), net worth believed over $775 million. *(See also other Mellons, Currier, May, Scaife.)*

Winthrop Paul Rockefeller

Inheritance. Winrock Farm, Ark. 28. Divorced, remarried; 3 children by first wife. Great-grandson John D. Rockefeller. Father Winthrop (d. 1973) fled family to build Arkansas fiefdom: leveled top of Petit Jean Mountain to create Winrock Farm; twice Republican governor. Win Paul product of brief, scandalous union of Winthrop and Barbara (Bobo) Sears; she raised Win outside grandfather J.D. Rockefeller Jr.'s purview: sent to European boarding schools, Oxford (flunked out). Runs Winrock, taking increasingly active role in Ark. business, especially banking. Talked about for governorship. His share family fortune estimated over $750 million. *(See also other Rockefellers, O'Neill.)*

Sol Goldman

Real estate. NYC. 69. Separated, 4 children. Quit college 1935 to run father's grocery store. With neighbor Alex DiLorenzo Jr. bought foreclosed properties; became NYC's largest, most leveraged landlord. Almost destroyed by 1973-74 real estate crash, lost 40% of holdings, incl. Chrysler Bldg. Sol split remaining parcels with DiLorenzo heirs 1977 by flipping quarters *(see DiLorenzo family)*. Now over 600 properties, mostly NYC: "Every time I sell, I'm sorry." Acquitted of perjury 1986 in illegal midnight demolition; suing accuser for $1 billion. Wife claims Sol, late lawyer Roy Cohn tricked her in separation settlement; ruling pending. Net worth probably over $750 million.

Harry Weinberg

Real estate, securities. Honolulu and Baltimore. 78. Married, 1 son. Austrian immigrant age 4, quit school at 12. Began buying dilapidated Baltimore properties 1930s. Sank profits into public bus companies 1950s, 1960s; after fare hikes, service cuts, strikes, sometimes sold back to cities. Lured to Hawaii by transit company, stayed: now "Honolulu Harry." Favors flowered shirts, intimidation tactics. Pioneering corporate raids on Dillingham, Amfac, et al. 1960s, but lost Alexander & Baldwin proxy fight 1985, ousted from board. Bounced back with offer for Maui Land & Pineapple. Vast Hawaiian real estate; also sitting on Baltimore properties amid redevelopment. Longtime bone cancer now in remission. Worth at least $725 million: "It's all going to charity."

Keith Rupert Murdoch

The News Corp. Ltd. Australia, London, NYC. 55. Divorced, remarried; 4 children. Father Sir Keith celebrated editor *Melbourne Herald*. Rupert trained on London's Fleet Street prior to Oxford; graduated 1952. Inherited Australia's struggling *Adelaide News*, revived tabloid with splashy headlines, Everyman appeal. "Most people will tell you what they think that they want, or should want to read, but not what they'll actually buy and look at." Publications: London (the *Times* of London, the *Sun*, *News of the World*); U.S. (*New York Post*, *New York* magazine, *Boston Herald*, etc.). Further expanded into broadcasting with the purchase of 20th Century-Fox 1985; 6 TV stations from Metromedia in 1986. New aim: develop fourth commercial TV network, Fox Broadcasting Co. Controls 49% of News Corp. worth over $725 million.

Edward Lewis Gaylord

Broadcasting, publishing, real estate. Oklahoma City. 67. Married, 4 children. Long in shadow of father E.K., who bought into *Daily Oklahoman* 1903, long among state's most powerful. E.L. succeeded on father's 1974 death age 101. Today Oklahoma Publishing Co. 2 newspapers, 7 TV stations, 3 radio, the Nashville Network, Grand Ole Opry. Recently sold 1 newspaper, 1 magazine. Bought 30% Texas (baseball) Rangers 1985. Also 20% Texas real estate for $177 million 1985. Self-described capitalist, opinionated "against liberal bubbleheads." Richest man in state; believer in family values: Oklahoma paper accepts no liquor ads. Total fortune exceeds $700 million.

Milton Petrie

Petrie Stores. NYC and Southampton, N.Y. 84. Twice divorced, widowed, remarried; 1 son, 2 daughters. Son of Russian immigrant pawnbroker, opened Cleveland hosiery with $5,000. Bankrupt 1937. Proudly: "I paid all my creditors

100 cents on the dollar." Expanded through strategic acquisitions. Now 1,400 stores: Marianne's, Petries, Stuart's, Davids, et al. Medium-price clothes, teen emphasis: "We cater to the masses." Impatient; management by intimidation; grandson possible successor. Tightfisted at work, but set up trusts for disfigured model, police widow, schoolchildren. His 51% stake, dividends, other assets, worth at least $700 million.

Donald John Trump

Real estate. NYC. 40. Married, 3 children. Father Fred self-made builder; Donald, Wharton grad, joined 1968. Together amassed 20,000 NYC apts. Donald took over 1976. Fred co-oping apts. "Boy Wonder" built 3 Manhattan bldgs., including opulent, controversial Trump Tower (condos to $19 million, $100 million tax break). Paid $320 million for Atlantic City Hilton casino 1985; bought out partner other Atlantic City casino 1986. Proposed world's tallest building (150 stories), domed "condo-stadium." Key player in USFL antitrust debacle. Puts name on almost all projects: "What good is it if no one knows about it?" Net worth at least $700 million; he claims much more.

Orville Wayne Rollins

Entrepreneur. Atlanta. 74. Married; 2 sons, both in business. Farm boy, $10/week in textile mill during Depression. With brother John, moved into auto dealerships; got interested in radio while laid up with back problems. Started Rollins, Inc. 1948, grew by acquisition: media, oil and gas services, security systems, pest control ("Pests grow in direct proportion to people, so it's a good growth business"). Split into 3 public firms 1984; kept over 45% of each; selling Rollins Communications stake for $270 million: "I have a problem seeing things sell for 50 times earn. igs; in a public company, you have to take the best price." Also 55,000 acres in Georgia and Florida. Net worth exceeds $675 million.

David Howard Murdock

Investments. Bel Air, Calif. 63. Divorced, widowed; 2 children. High school dropout, built homes in Phoenix after WWII; parlayed to $100 million, lost most in 1963 collapse. Recouped in Calif.: real estate, small companies; now Pacific Holding Corp. Made $50 million on Continental Group buyout, $100 million from Occidental Petroleum. Merged 35%-owned Flexi-Van 1985 with Castle & Cooke; runs co. with 20% of stock. Sold most of Cannon Mills (acq. 1982) after beating union 1985. Much real estate, 450 Arabian horses. Raises orchids. Worth over $650 million. "As long as we want to achieve, we're alive. If we're satisfied, we're already half dead."

Leonard Norman Stern

Pet supplies, real estate. NYC. 48. Divorced, 3 children. Father Max emigrated from Germany with 2,100 canaries 1926; started Hartz Mountain pet supply business. Leonard took over at age 21, expanded sales (now over $500 million). Took public 1972; private again 1979. Said to have 75% of market; antitrust settlements totaled $100 million. Bought 1,000 swampy NJ acres mid-1960s; now 25 million sq. ft. commercial, retail space. Paid $55 million for *Village Voice* 1985. Has undertaken drive to house NYC homeless families. Net worth should exceed $650 million.

Roger Milliken

Gerrish Hill Milliken

Minot King Milliken

Brothers and cousin. Textiles, investments. Deering, Milliken & Co. founded 1865 as dry goods jobber by grandfather Seth and William Deering (left to found International Harvester). Held equity in southern mills they helped finance until smashed by Depression. Milliken & Co. now world's largest ($2 billion sales) private textile firm in improving industry. Company renowned for technological prowess, research, low-key style: Other than now discontinued annual promotional show, "they never did put on much dog." Also 40% Mercantile Stores stock. Roger: Spartanburg, S.C. 70. Married, 5 children. Patriarch and president from 1948; he named first nonfamily CEO 1984. Benevolent dictator. Built company headquarters middle working peach orchard. Opposes imports: "Protectionism is the inevitable response." Active proponent cutting-edge technology. Brother Gerrish: Greenwich, Conn. and NYC. 69. Married; 4 sons, 1 daughter. General manager, works from New York office. Cousin Minot: NYC. 70. Married; 4 sons, 1 daughter. Company treasurer. Roger key owner, believed worth at least $650 million. Gerrish worth $425 million or more. Minot estimated at least $210 million.

Saul Phillip Steinberg

Financier. NYC. 47. Twice divorced, remarried; 5 children. Brooklyn-born boy wonder graduated U. of Penn. age 19. Managed subway newsstands; pioneered computer leasing 1961 as Leasco Corp. Acquired control Reliance Insurance 1968. Failed takeover attempt Chemical Bank 1969; much-publicized Disney raid 1984. Took Reliance private 1982 for $550 million, public again Sept. 1986. At offering ($10/share), excluding intangibles, co. had $200 million negative net worth, raised only $140 million. His, family's retained shares worth around $650 million on offering. "He doesn't tolerate fools well." Avid interest in Society. On several top NYC civic, charitable boards.

Joan Beverly Kroc

Inheritance. La Jolla, Calif. 58. Divorced, widowed; 1 daughter by first marriage. Third wife of Raymond Kroc, milk shake machine salesman who built McDonald's Corp. (1985 sales, over $3.7 billion); died 1984. Both were married when met 1956. Wed 12 years later, Joan 26 years his junior. Launched Operation Cork (Kroc, backwards) 1976: aid for alcohol, drug abuse, now part Joan B. Kroc Foundation. Gave $6 million to Notre Dame for Peace Institute, $7 million for Calif. sports center 1986. Also inherited San Diego Padres: "I don't know a

damn thing about baseball." Her McDonald's stock, etc., worth at least $640 million.

Trammell Crow

Real estate. Dallas. 72. Married, 6 children. Before WWII, a bank teller, then CPA. Built warehouses Dallas 1948; "After that, we just got less and less small." Trammell Crow Co. largest U.S. developer: 35 million sq. ft. office space, 140 million sq. ft. industrial, 12 million sq. ft. retail, 17 million sq. ft. under construction. Total assets nearing $8 billion, including debt, partners; Crow and family own 20%. Separately, jointly owns and manages 40,000 apts.; also 9 million sq. ft. Dallas trade marts, 8,500-room Wyndham hotel chain. Dealaholic: "Work is so much more fun than fun, it is improperly called work." With children, net worth well over $600 million.

Jack Kent Cooke

Real estate, investments, sports. Middleburg, Va. 73. Twice divorced, 2 children by first wife. Son of Canadian picture-frame maker ruined in Depression. Jack sold encylopedias door to door, then soap, then radio stations/newspapers with magnate Lord Thomson. Naturalized 1960 by act of Congress. Built, bought, sold Los Angeles Forum; also 2 LA teams, 14% Teleprompter. Now owns football Redskins. Also NYC's Chrysler Building, valuable acreage downtown Phoenix. Bid for Multimedia 1985 brought $25 million profit: "I'd much preferred to have Multimedia." Got LA *Daily News* 1985 for $176 million; looking for more. Net worth exceeds $600 million.

Donald Leroy Bren

Real estate. Newport Beach, Los Angeles, NYC. 54. Twice divorced, 3 children. Son of late Hollywood producer Milton Bren, stepson actress Claire Trevor. College ski scholarship, lost 1956 Olympic bid. Briefly in Marines; built first house 1958, built, sold Mission Viejo. Restarted homebuilding co., sold to International Paper for $35 million 1969; bought back for $18 million 1972. Joined Irvine Ranch buyout 1977; bought out partners Taubman, Allen *(which see, also Athalie Irvine Smith)* 1983; has 92% of 68,000 prime acres Orange County, Calif. Handsome, polished; collects modern art. Net worth exceeds $600 million.

Charles de Ganahl Koch

David Hamilton Koch

Brothers. Oil services. Sons of Fred (d. 1967), Texas farm boy, later MIT, 1 of 3 founders Rock Island Oil & Refining. Sold oil to Russians 1920s; friends killed by Stalin; charter John Bircher 1958. "Fred was a typical old country boy, except everything he touched turned to money." Charles: Wichita, Kans. 50. Married, 2 children. Took over on father's death, now chairman. David: NYC. 46. Single. Runs chemical technology group, other divisions. Renamed Koch Industries now one of U.S.' largest private firms: oil refining, pipelines, production, ranching, etc.; revenues $16 billion. Father counseled his "dear boys": "Be kind and generous to one another." Three-year battle for control ended 1983 when Charles, David bought out brothers William (David's twin), Frederick *(see both)*, other relatives for estimated $1.5 billion. Suit for more pending. Charles big backer conservatives, convinced David to run for U.S. v.p. on Libertarian ticket 1980. David: "[Next time] I prefer to let someone else be the sacrificial lamb." Charles expert marksman; likes white-water kayaking because "it's terrifying." Share fortune worth some $1.2 billion.

82 members of The Forbes Four Hundred have fortunes derived principally from manufacturing. (In 1985, 103.)

Samuel Curtis Johnson

Johnson Wax. Racine, Wis. 58. Married, 4 children. Great-grandson of wood-parquet flooring salesman who founded firm 1886. Fended off Depression with Glo-Coat floor wax; 1985 sales over $2 billion. Sam joined 1954; became new products director 1955; took over 1967. Diversified: urged nonwax items (Raid, Glade); personal care (Edge, Agree). Big on bug killer: "Whenever you get bit by a mosquito, remember, I'm smiling." Nepotist: son Curt, 31, runs venture capital arm; daughter Helen, 29, associate product manager. Sam controls family's 60% S.C. Johnson & Son worth over $600 million *(see also John Jeffry Louis Jr.)*.

Kirk Kerkorian

Investments. Los Angeles and Las Vegas. 69. Twice divorced, 2 children. Driven son of Armenian immigrants; amateur boxer. After WWII, repaired, sold DC-3s; built charter airline, sold 1968 for $100 million: "Enough to retire, but that would be a pretty dull life for me, wouldn't it?" Surprise $35 million offer for 17% MGM 1969. Made $70 million on Columbia Pictures takeover 1981. Spent $380 million for United Artists 1981, merged MGM/UA. Sold his half to Ted Turner *(which see)* for $748 million 1985; bought back UA for $480 million: Kirk got *James Bond, Rocky*; Ted kept MGM, *Gilligan's Island*. With 80% MGM Grand Hotels, net worth exceeds $600 million.

John Murdoch Harbert III

Construction, investments. Birmingham, Ala. 64. Married, 3 children. Finished WWII with $6,000 craps winnings. Tried taxidermy ("I skinned a crow. It looked like a duck when I got through"); invest-

Service par excellence.

The French have a word for it: Meridien

Boston
Houston
Montreal
New Orleans
Newport Beach
New York
San Francisco
Vancouver

For reservations worldwide, call 800-543-4300, in NYC: 212-265-4494.

MERIDIEN HOTELS
Travel Companion of Air France
Fifty hotels in Europe, Africa, Asia, the Near East, North and South America and the Caribbean.

The Forbes Four Hundred

ed winnings in concrete mixer, tools. Got local bridge contract, then highways, pipelines, buildings: "Our creditors remained unaware of the seriousness of our situation." Expanded 1960s on risky Third World projects; Harbert Corp. revenues now over $500 million. Hunts and fishes on own 14,000-acre Georgian plantation, supports the Boy Scouts. With 75% Harbert Corp., $300 million Amoco, other stocks, net worth at least $600 million.

William Walter Caruth Jr.

Real estate. Dallas. 74. Married, 4 children. Grandfather opened general store 1849, used earnings to buy land. Father increased to near 30,000 acres, but had heavy debt. Will Jr. took over 1939, developed and sold over 40 years: "It didn't take any genius on my part or anything. Just patience and consistency." Usually sold land at relative bargain, kept 50% cash flow; invested profits in stocks, bonds. Now "Will Caruth's backyard" is North Dallas. Also scattered Texas parcels; developing Florida real estate. Holdings almost all in names of children, 2 nephews (he wrote himself out of his father's will), but he controls fortune believed worth $600 million.

Robert L. Moody

American National Insurance. Galveston, Tex. 51. Divorced, remarried; 3 children by first marriage, 1 by second. Great-grandfather William L. Moody Sr. moved to Texas from Virginia 1830s, formed a cotton company, then turned to banking. Grandfather William L. Moody Jr. founded American National Insurance 1903, retained virtual monopoly on all Texas life insurance through 1930. Acquired newspapers, hotel chains, ranch land. Family wracked with internal squabbles over assets, control of business until 1979, when Robert acquired control of family's bank from the Moody foundation. Robert Moody now controls trust that owns shares in ANI, hotels; with other assets worth $570 million.

Jane Bancroft Cook

Inheritance (Dow Jones & Co.). Cohasset, Mass. and Sarasota, Fla. 74. Thrice widowed, divorced once. Only living grandchild of Clarence Barron, creator Dow Jones empire (bought *Wall Street Journal*, Dow Jones ticker from Charles Dow 1902). Cook was avid sailor and rid-

16 members of The Forbes Four Hundred have fortunes derived principally from agriculture. (In 1985, 16.)

er, once played summer stock opposite Humphrey Bogart. Director Dow Jones Co. 1950-85, "a zealous guardian of the journalistic independence of the *Journal*." Very active philanthropist, esp. Boston-area schools and hospitals. Shares 55% Dow Jones stock with nieces and nephews *(see Bancrofts, W. Cox)*. Jane's one-third share worth $560 million. Daughter Martha S. Robes now a director.

Harvey Roberts (Bum) Bright

Oil, real estate, trucking, banking. Dallas. 65. Widowed, remarried to secretary; 4 children by 1st mar-

riage. After Texas A&M, WWII, worked year for Sun Oil; went on own with $6,500 savings, traded oil leases. Then real estate 1950s: has 2,500 acres near Dallas. Also trucking & freight, insurance & mortgage cos., Texas' 2nd-largest thrift (Bright Banc), etc. General partner, owns 40% of, Dallas Cowboys, but "that's more of a toy." Real money in lucrative stadium lease. Lives on $200,000 per year: "I'm still afraid of going broke." Lives next to Nelson Bunker Hunt. "Bum" worth well over $550 million, "but I couldn't borrow money from the bank on that [estimate], could I?"

Curtis Leroy Carlson

Entrepreneur. Minneapolis. 72. Married, 2 daughters. Son of Swedish immigrant grocer; in 1930s, sold soap for Procter & Gamble while getting grocers to use his Gold Bond stamps. Diversified into one-man conglomerate; claims $3.125 billion revenues: Radisson hotels, TGI Friday's and Country Kitchen restaurants, Ask Mr. Foster travel agencies; also, incentives and sales promotions. High-pressure outfit: Executive row called Ulcer Alley. Worth at least $550 million. "I'll be working to ensure that my grandchildren will become gainfully employed and my wealth not become a handicap to them, which I never had to bear when I was young."

Henry Earl Singleton

Teledyne. Los Angeles. 69. Married, 5 children. Texas rancher's son, dreamed of creating a great corporation. He did, after Annapolis, MIT, Hughes aircraft, Litton Industries. With Litton colleague George Kozmetsky *(which see)*, backing from Arthur Rock, started Teledyne 1960s. Over 100 companies incl. Water Piks, zirconium producer. Quit acquiring 1969; content buying over 20% each of five large corporations. Revered, criticized for lucrative investment policies: "the sultan of buybacks." Tight-lipped strategist: Teledyne President George Roberts learned of $400 million stock repurchase after fact. Surrendered CEO slot to Roberts, July 1986, retained chairmanship. "My only plan is to keep coming to work every day." With 14% of Teledyne, other assets worth at least $550 million.

"U.S. Trust's tax evaluation of our family business at a time of transition was highly professional and convincing to the IRS."

Collier W. Baird, Jr.
Chairman, Baird Rubber & Trading Co., Inc.

An up-to-date understanding of tax law is but one of many specialized disciplines we integrate into the management of your assets. Please contact Mary B. Lehman, Senior Vice President, United States Trust Company of New York, 11 West 54th Street, New York, NY 10019. (212) 887-04-'8.

U.S. Trust

When you do something very well
you simply cannot do it for everyone.

L.L.Bean®

Outdoor Sporting Specialties

FREE Christmas Catalog

Features active and casual apparel and footwear for men and women who enjoy the outdoors. Winter sports equipment, luggage, furnishings and accessories for home and camp. Practical and functional gift ideas. All fully illustrated and honestly described.

For 74 years L.L. Bean has offered practical and functional merchandise at reasonable prices. All guaranteed to be 100% satisfactory. Our service is reliable and efficient. Order anytime, 24 hours a day, by phone or mail. **We pay regular postage and handling charges.**

☐ Send FREE Christmas Catalog

Name_____

Address_____

City_____

State_____ Zip_____

L.L. Bean, Inc., 3661 Casco St., Freeport, ME 04033

The Forbes Four Hundred

An Wang

Wang Laboratories. Lincoln, Mass. 66. Married; 2 sons, 1 daughter. Shanghai-born engineering whiz sent to U.S. by Chiang Kai-shek. Earned Harvard physics Ph.D. in 3 years, stayed to teach. At 28 invented magnetic core memory for computers: "I found a way to be useful." Sold to IBM for $400,000. Started Wang Labs 1951. Developed first digital scoreboard (Shea Stadium, NYC), first logarithmic calculator, also computers, word processors. Hit hard by computer industry slump, "the doctor" seeking to revive company fortunes. Bought InteCom 1986 to expand into computer communication systems. Wang and immediate family control stock worth $550 million.

Michael R. Milken

Financier. Encino, Calif. 40. Married, 2 children. Driven: in high school head cheerleader, prom king, most sociable boy. Worked for Drexel Firestone while attending Wharton (straight As). With Drexel Burnham Lambert popularized "junk bonds" by creating liquid market. Major power behind LBO surge. Customers: Carl Lindner, Ronald Perelman, Ivan Boesky *(all of which see)*; etc. Made real estate fortune through REIT investments 1970s. Positions in many customer deals, often both buy and sell side. Twelve hours a short day. Shuns publicity but gets plenty. With sizable stake in Drexel, investments, real estate, etc., net worth far exceeds $500 million. "Finance is an art form."

Daniel Keith Ludwig

Shipping, real estate. NYC. 89. Divorced, remarried; 1 daughter by first marriage, 2 stepchildren. Son of Michigan real estate agent; quit junior high school. Borrowed $5,000 to convert old steamer age 19. Hauled molasses, then oil. Perfected scheme 1930s: Contract to ship oil was collateral to borrow, build the tanker; repeat. "Father of the supertanker." Also real estate, banking, mining, oil and gas; much since sold. Reclusive: first photo permitted in nearly 20 years signing contract for 95-acre NJ development 1985. Vast foreign assets now owned by principal heir, his Zurich cancer institute. Retains domestic assets (banking, real estate) worth over $500 million.

Carl Henry Lindner II

Insurance, banking. Cincinnati. 67. Married, 3 sons. High school dropout age 14 to help family dairy business through Depression. Started ice cream store 1940 with brothers, $1,200; became 200-store United Dairy Farmers. Got into S&Ls 1950s as American Financial Corp.; insurance 1971. Disliked public scrutiny, took private 1981. Revenues over $2 billion; major stakes Penn Central, United Brands, Gannett. Picked up 5%-plus Chris-Craft, Scripps-Howard, Taft Broadcasting 1986. Also 10% newly issued Aaron Spelling *(which see)*. Private, charitable, politically conservative; UDF-owned stores don't sell skin magazines. Carl's approx. 90% AFC is worth at least $500 million.

10 members of The Forbes Four Hundred have fortunes derived principally from high technology. (In 1985, 12.)

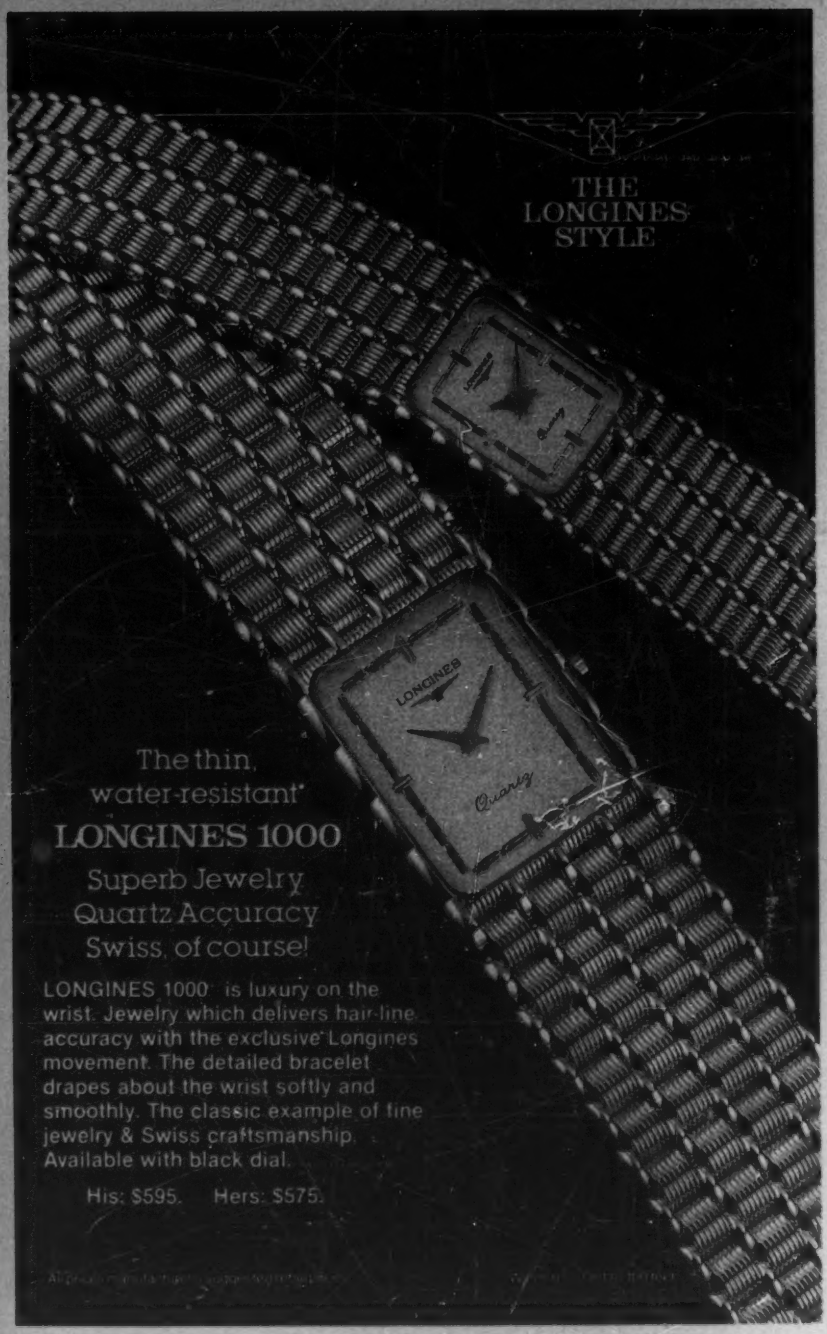
Charles Henry Dyson

Conglomerator. NYC. 77. Married; 3 sons, 1 daughter. Price Waterhouse CPA, left to serve as consultant to War Secretary 1941; represented Treasury Dept. at Bretton Woods conference 1944. To Textron postwar; delays in diversification prompted departure 1949. With former colleague Franklin Kissner decided to do it his way. Dyson-Kissner (now also -Moran) Corp. built up conglomerate Wallace-Murray, merged into Household Finance Corp. 1981. Today also Esterline Corp., Kearney National plus vast private holdings. "We're always into something new." As DKM chairman emeritus controls family's stake worth well in excess of $500 million.

Marc Rich

Pincus Green

Trading partners. Zug, Switzerland. Both 52. Each married. Rich: 3 daughters. Green: 2 sons, 2 daughters. Rich, Belgian-born son of burlap bag maker, banker; family fled to U.S. WWII. Quit NYU for Philipp Brothers' mailroom, where befriended Brooklynite "Pinky." Both climbed ranks, helped build into world's largest commodities trader; pioneered spot oil market 1968. Quit Phibro (now Salomon Inc.) in huff 1973; Marc Rich & Co. pirated execs from, played hardball with Phibro; now perhaps world's second biggest. Rich, nervy speculator, known as El Matador for manipulating bull markets; Pinky, shipping expert, called The Admiral. Traded Iranian crude during hostage crisis, dodged $50 million tax. Bought 20th Century-Fox 1981 with sometime oil partner Marvin Davis *(which see)*. Fled U.S. 1983 just ahead of 65-count indictment (tax evasion, fraud, racketeering); key documents snagged on JFK runway. Company paid $150 million settlement 1984, $21 million fines. Sold Fox stake to Davis. Both men still wanted; Marc took Spanish citizenship, Pinky's a Bolivian; State Department: They're still U.S. citizens. Together, probably worth over $1 billion. "There are maybe three people in the world who know Marc Rich intimately. All three people know different things." Rich: "One day I will say everything."



REACH THE AFFLUENT IN FORBES

One out of every 3.5 FORBES subscribers is a millionaire

Source: Don Bowdren Associates, 1985

Jerry J. Moore

Shopping centers. Houston. 58. Married, 3 children. Born to poor Polish immigrant parents. Started out selling vacuum cleaners, including some to customers without electricity—he convinced them that it would come. Switched to real estate: rehabbed strip centers bought cheap; low debt, value added, good location created cash machines. Now builds own. Up by 4 a.m.—"I gain two hours on you"—works 12-to-16-hour days. Wife and children in business; no partners. World class auto collection: largest individual owner Duesenbergs (28). Lives in 40-room 18th-century French château reconstructed Houston. Net worth: over $500 million.

Richard Mellon Scaife

Inheritance, publishing. Shadyside, Pa. (Pittsburgh). 54. Separated, 2 children. Great-grandson of Judge Thomas Mellon. Once negotiated to buy *Harper's* magazine, "Citizen Scaife" now owns several small to midsize newspapers, which must promulgate his conservative ideology. Dislikes publicity, refuses to use middle name (thought father Alan Scaife treated shabbily by Mellons), still most prominent Mellon of his generation. Does not speak to sister, Cordelia Scaife May *(which see)*. Large contributor to right-wing leaders, think tanks. Vigorously denies estimate, but believed worth exceeds $500 million. *(See also Mellons, Currier.)*

Donald Worthington Reynolds

Publishing. Las Vegas. 80. Thrice widowed, 3 children. Son of door-to-door grocery peddler, hawked newspapers in Oklahoma at age 12. To Univ. of Missouri with $65; worked way through school. Graduated with journalism degree; laid off from first 2 jobs. Helped publish *Yank* magazine WWII; since war, built Donrey Media Group: 54 dailies, 55 nondailies, 7 radio stations, 1 TV, cable, 13,000 billboards. Friend and cable partner Robert Howard *(which see)* estate executor. Many relationships, but "not because I'm cute, just solvent." Children not interested in business; foundation set to inherit company worth over $500 million: "Children are, to me, most ungrateful."

The Forbes Four Hundred

Malcolm Stevenson Forbes

Publishing. Far Hills, N.J. 67. Divorced, 5 children. Father, B.C., Scottish immigrant 1904, started FORBES magazine 1917. Sons inherited 1954: Bruce died 1964, MSF eventually sole stockholder. Brief political career 1950s. FORBES now top business publication: "Capitalist Tool" unusually profitable. Bought bimonthly *American Heritage* for reported $10 million in early 1986. Owns Colorado ranch, South Seas island, Tangier palace, French château; 1 dozen Fabergé Imperial Eggs (2 more than Kremlin), presidential letters, toy soldiers, toy boats, etc., etc. Hot air balloonist, motorcyclist. Son MSF Jr. scheduled to control company. Son Tim heads *American Heritage*: "Nepotism isn't a dirty word in our family." Net worth, again we estimate via others:
Manhattan, inc.: "Exceeding $400 million."
Wall Street Journal: "$200 million or so."
Associated Press: "Billionaire."
Columnist James Brady: "Perhaps a half-billion dollars."

MSF: "Anyway, I'm solvent."

Joe Lewis Allbritton

Broadcasting, banking, publishing. Houston; Washington, D.C. 61. Married, 1 son. Mississippi-born son of Houston cafe owner. First million by age 30 cofounding Texas S&L; began buying Houston acreage. Bought, sold now-defunct *Washington Star*, other businesses; unsuccessful offer for New York *Daily News* 1982. Began acquiring Riggs National bank stock 1979; sought blue-blooded Riggs because "you're not wrestling alligators to see if you can drain the swamp to see if you can grow a crop." Now chairman, his 41% worth over $170 million. Solely owned Perpetual Corp. owns Allbritton Communications (5 TV stations, 3 newspapers); insurance, real estate, funeral homes. Sold 2 dailies 1986. Net worth should exceed $500 million.

William Ingraham Koch

Frederick Robinson Koch

Brothers. Oil services. Two of 4 sons of Fred Koch (d. 1967) *(see Charles and David Koch)*. Father counseled his "dear boys": "Be kind and generous to one another." Bitter 3-year battle for control of Koch Industries ended with estimated $1.5 billion buyout of Bill, Fred, other relatives 1983 by brothers. Bill: Boston. 46. Married, no children. David's twin. Runs small Oxbow Corp., energy trader. His foundation buys paintings for a Boston museum. Enjoys boat-racing. With his share of buyout, other investments, should be worth over $500 million. Suing for more, claims "a great deal of love and respect for my brothers. This is basically a business dispute." Fred: NYC. 53. Single. Written out of father's will because of interest in theater and art, not business: "He was afraid I would invest in Broadway plays and lose it all." Observer: "Frederick is the smartest of all four—and by far the best company." Got less in buyout, but should be worth over $350 million.

$200 Million or More

Arthur Bejor Belfer

Oil, real estate. NYC. 79. Widowed, remarried; 3 children, 2 stepchildren. Polish-born. Produced sleeping bags for Army until 1952; entered oil/gas industry. Belco Petroleum went public 1959. Vast oil holdings based in Peru, failed oil venture in Israel 1969. Diversification into coal, natural gas reserves. Friendly takeover 1983 by InterNorth, now renamed Enron Corp. Arthur Belfer, family patriarch, now chairman emeritus Belco Petroleum; son Robert, 51, director of Enron. Arthur controls Belfer family's Enron holdings, extensive NYC real estate worth over $475 million.

Donald Joyce Hall

Barbara Hall Marshall

Elizabeth Ann Reid

Brother and sisters. Hallmark Cards. Father Joyce Hall, son of itinerant midwestern preacher, started postcard distributorship 1906, gradually switched to greeting cards. Illustrators have included Norman Rockwell, Salvador Dali, Winston Churchill. Now largest card company—over 40% of market; almost half estimated $1.8 billion revenues from accessories (gift wrap, paper plates); cards most profitable. Also own Binney & Smith (Crayola Crayons), SFN educational publishers, Crown Center development in Kansas City, scene of tragic hotel collapse. Company recently paid $300 million for Spanish-language TV network. Employees own one-third stock, rest divided among siblings. Donald: Mission Hills, Kans. 58. Married, 3 children. Chairman, appointed first nonfamily CEO. His half family stock worth over $450 million. Barbara: Kansas City, Mo. 63. Widowed, children. Active in company as judge of card design. Stock worth over $225 million. Elizabeth: Denton, Tex. 65. Married, children. Not active in Hallmark. Stock worth over $225 million.

Helen Kinney Copley

Publishing. La Jolla, Calif. 63. Divorced, widowed; 1 son by first marriage. Hunter College dropout who answered classified ad for James S. Copley, adopted son of newspaper magnate Colonel Ira Copley (d. 1947). Became his secretary, confidante. Married 1965; took over after husband's death 1973. Saw papers as poorly managed, run as political forum. Sold properties, chopped bureaucracy,

improved editorial. Expanded: Copley Newspapers now 12 dailies (incl. flagship *San Diego Union/Tribune*), 29 weeklies, cable TV. Bought Lincoln (Ill.) *Courier* late 1985. Son, David, 34, being groomed for top spot. James' 2 children from previous marriage retain small interest; Helen's nearly 90% worth over $450 million.

Luigino Francesco Parlucci

Food processing, real estate. Duluth, Minn. and Sanford, Fla. 68. Married, 1 son, 2 daughters. "Jeno," poor immigrants' son, produce salesman at 16, left at 17 after outselling boss. In 1947 turned low-cost bean sprouts, $2,500 into Chun King canned Chinese food. Expert cost management, instinctive advertising made company. Sold to R.J. Reynolds for $63 million 1966. Pizza next, gave Jeno's to children 1967 (sold 1985). Now into real estate—6,000 prime acres in Orlando, upscale Heathrow planned community: homes start at $250,000. Real estate, other assets worth in excess of $450 million. "You bet I'm out to make a buck. That's the name of the game, isn't it?"

Morton K. Blaustein

Ruth Blaustein Rosenberg

Louis Thalheimer

Inheritance. Baltimore. Heirs of Lithuanian immigrant Louis Blaustein (1869-1937), who invented forerunner of modern tank car, and only son, Jacob (d. 1970), developed metered gas pump, drive-in stations, antiknock gasoline. Founded American Oil 1910. Jacob merged into Standard Oil of Indiana for 5.25 million shares (now over 8 million); also part-time diplomat: convinced U.N. conferees to accept human rights provisions 1945. Jacob's son Morton: 59; divorced, remarried; 2 daughters; geologist, chairman family's American Trading & Production—oil and gas, real estate, tankers, mfg., investments. His stake, over half company, $450 million. Two sisters have passive interest. Jacob's sister Ruth: 87; widowed, 3 children. Director; her interest worth $225 million; only son, Henry Jr. (CEO family-controlled Crown Central Petroleum), votes most shares. Louis, grandson of Jacob's second sister: 42; married, 2 children. President. Controls interest worth at least $225 million.

Sumner Murray Redstone

Movie theaters, investments. Newton Centre, Mass. 63. Married; 1 son, 1 daughter. Son of drive-in theater owner; earned highest honors in 300-year history Boston Latin School. Cracked Japanese codes WWII while still at Harvard. Briefly practiced law. From 1954 built over 300 theaters as National Amusements Inc. Made killings on 20th Century-Fox, Columbia Pictures takeovers, MGM-UA buyback. Latest investments: video games/casinos. Survived fire 1979 by hanging from window until rescued. Says his life "shows where a compulsive, obsessive, combative, aggressive spirit can lead one." Net worth believed about $450 million.

58 members of The Forbes Four Hundred have fortunes derived principally from media enterprises. (In 1985, 69.)

Peter Stephen Kalikow

Real estate. NYC. 43. Married; 1 son, 1 daughter. Family built, owned row houses in outer boroughs; father Harold (d. 1983) switched to Manhattan. Now over 6,000 NYC apts.; co-oping in Queens. Built 101 Park Ave., hit booming office market just right 1980. Renovated opulent former AT&T HQ; considering 60-story hotel next door. Bought 1,200-unit East Side tenement block 1985; planned luxury high rises; after tenant outcry, only 337 apts. go for one 1,425-unit tower; relocation benefits. No partners: "We don't have time to deal with idiots." Foreign car buff: designed, built sports cars in Italy early 1970s; lost $500,000. Worth at least $425 million.

Katharine Graham

Washington Post Co. Washington, D.C. 69. Widowed, 4 children. Daughter of Eugene Meyer, Wall St. banker who built up predecessor Allied Corp. Retired; bought bankrupt *Washington Post* 1933 out of boredom. Rebuilt to profitability. Kay and husband Philip took over 1946, expanded; bought *Newsweek* 1961. Since Philip's death 1963, her management effective, respected. Friend of Nancy Reagan. Biggest scoop Watergate story 1972. Also 4 TV stations, cable (1985 revenues over $1 billion). Son Donald, 41, *Post* publisher since 1979. Kay controls majority voting stock. Fortune exceeds $410 million, much in children's names and trusts.

Wilton Robert Stephens

Jackson Thomas Stephens

Brothers. Investment banking, oil and gas, etc. Little Rock, Ark. Witt: 78. Widowed, remarried; 3 children. Jack: 64. Divorced, remarried; 5 children. Witt peddled belt buckles, Bibles, suspenders; saw bigger profits in municipal bonds 1933, buying at a quarter, selling at a dollar. Annapolis-educated Jack joined 1946. With Witt as politician, Jack minding store Stephens Inc. became most important investment banker off Wall Street (breakthrough client: Wal-Mart, *see Walton*). Deal mainly with businesses, people they know well: "If you've got the idea, we've got the money."

THE MOST CIVILIZED HOTEL IN THE TROPICS

Mayfair House. The savoir-faire and service of Europe, made enticingly more exciting by the free-spirited, uninhibited flavor of Miami's Coconut Grove. A small, personal hotel where every suite comes complete with its own Japanese hot tub on a secluded tropical patio. Surrounded by the elegance and élan of Mayfair, the stylish shopping enclave of the Americas. Non-smoking suites and complimentary limousine service available.

Mayfair House

hotel grand luxe
3000 Florida Avenue, Coconut Grove, Miami FL 33133
For information and reservations,
(305) 441-0000/(800) 433-4555/Florida (800) 341-0809
Or call your travel agent.

"The Finishing Touch of the Tropics"

Timely Corporate Holiday Gifts From Tiffany

What gift could be more appropriate to thank successful colleagues and important clients than clocks from Tiffany's Corporate Division.

From left: Square alarm clock, 3¼ inches, $145. Round alarm clock with sliding lid, 2½ inches, $100. Half cylinder mantle clock with alarm, 5¼ inches high, $215.

To open a corporate account or place an order, please call 212-605-4401.

TIFFANY & CO.

NEW YORK · BEVERLY HILLS · CHICAGO · DALLAS · HOUSTON
BOSTON · ATLANTA · SAN FRANCISCO · PHILADELPHIA © T&CO. 1986

Diversified into oil and gas—Arkansas, Oklahoma and Denver holdings over $300 million. Also real estate, controlling interest in Worthen Bank, etc. Today equity capital over $400 million. Witt now largely figurehead, downplays wealth: "It's a game with me. That's how they score the game." Jack expanding into Far East. Son Warren, 29, recently made pres., CEO; Jack still chairman. Trying to build national organization. Brothers built fortune exceeding $800 million.

Stephen Davison Bechtel Sr.

Stephen Davison Bechtel Jr.

Engineering, construction. Father: Oakland. 86. Married, 2 children. Son: San Francisco. 61. Married, 5 children. Warren Bechtel built railroads 1898 in Oklahoma Territory, moved to San Francisco 1917. Son Stephen Sr. made company into global giant building colossal projects (Hoover Dam; Alaskan pipeline; DC, SF subways). "Steve Junior" took over 1960, built one-third of all U.S. nuclear plants. Oil boom 1970s brought mammoth Saudi projects, including $40 billion industrial city, Jubail. Contributed several top execs to Reagan cabinet (Shultz, Weinberger). Oil decline, nuclear woes have brought revenue down 50% since 1983; $6.8 billion 1985. Company now seeks smaller contracts, new markets (e.g. China); takes equity in new projects, aids in financing. Sr. and Jr. control 50% Bechtel Group stock (employees, the rest). With family investment arm, Sequoia Ventures, worth over $800 million.

William Randolph Hearst Jr.

Randolph Apperson Hearst

Hope Chandler Hearst

George Randolph Hearst Jr.

Phoebe Hearst Cooke

Inheritance. Heirs of William Randolph Hearst, whose father, George Hearst, silver miner, Calif. senator, bought failing *San Francisco Examiner* 1880. William took over 1887, became country's most flamboyant and controversial media baron: outsensationalized Pulitzer *(which see)* in great NYC press wars, built na-

tion's largest newspaper chain; model for *Citizen Kane*; d. 1951. Set up family trusts: 20% to each son; but company to foundations headed by cronies. Today Hearst Corp. 14 dailies (incl. flagship *Examiner*), 20 magazines (*Cosmopolitan, Harper's, Good Housekeeping*), 7 TV stations, 7 radio, cable, book publishing, real estate, timber, etc. Family regained control 1974 by having foundations sell company to family trust. Surviving son William Jr.: NYC. 78. Twice divorced, remarried; 2 children. Editor-in-chief Hearst Newspapers from 1955; Pulitzer-winning columnist 1956. Helped chop, consolidate, sell off properties. Heads key family trust. Grandson WRH III current *Examiner* publisher. Face-lifting paper's "yellow" image: "My goal is to kill that cliché and make the *Examiner* a thinking man's newspaper." Hired gonzo journalist Hunter S. Thompson. Surviving son Randolph: Hillsboro and Paso Robles, Calif. 70. Divorced, remarried; 5 daughters (incl. Patty) by first wife. *Examiner* president. Hope: widow Randolph's twin, David (d. 1986). Beverly Hills. 65. 2 children. On cover *Life* magazine 1938 as "Prettiest Girl in Paradise." Reclusive. Grandson George Jr.: Los Angeles. 59. Divorced, remarried; 4 children. Ran LA paper (renamed *Herald-Examiner*) 1962-77; since, overseas real estate. Granddaughter Phoebe (Mrs. Amory [Jack] Cooke): George's twin. Woodside, Calif. 59. Divorced, remarried; 1 daughter. With current husband, played large role in fight to gain control Hearst Corp.; now company director. George and Phoebe share 20% from father George Sr. (d. 1972). Remaining 20% held by 4 children of deceased John Hearst Sr. *(which see)*. Hearst Corp., other holdings, worth over $2 billion.

Oveta Culp Hobby

Media. Houston. 81. Widowed, 2 children. Texas House of Rep. parliamentarian age 20; ran for legislature age 25, lost. Married former governor, *Houston Post* publisher William Hobby (d. 1964); added TV, radio. Self-described liberal Republican; HEW Secy. under Ike. 3½-inch entry in *Who's Who*. Son, William Jr., Texas lt. governor; daughter, Jessica Catto, publishes *Washington Journalism Review*. Sold *Post* 1983 for $130 million; bought Cowles Broadcasting for $183 million 1985. H&C Communications now 6 TV stations (incl. recently bought San Antonio TV), 1 radio. Wealth, in heirs' names, mostly controlled by Oveta, more than $400 million.

48 members of The Forbes Four Hundred have fortunes derived principally from oil and gas. (In 1985, 64.)

Carl R. Pohlad

MEI Corp., banks, investments. Minneapolis. 71. Married, 3 sons. Son of Iowa RR brakeman. Dropped out of college to sell cars; took control Minneapolis banking company on death of brother-in-law CEO 1955. Bought, revived dozens of upper-Midwest banks; turned failing Pepsi bottler, MEI, around early 1970s; sold over 4 million shares to PepsiCo late 1985 at $35 when beverage giant took over bottling operations. Still has 4 million shares. Friend, sometime partner of Irwin Jacobs *(which see)*. Owner Minnesota (baseball) Twins; bid 1986 on (football) Vikings. With banks, investments, proceeds of sale, net worth should exceed $400 million.

Cordelia Scaife May

Inheritance. Ligonier, Pa. 58. Divorced, widowed; no children. Great-granddaughter of Judge Thomas Mellon. Brief marriage to Herbert A. May Jr. 1950. Wed longtime friend Robert Duggan, Pittsburgh D.A., 1973; he died of gunshot wound 1974 amid corruption investigation. Brother Richard Mellon Scaife *(which see)* has not spoken to her since. Lives modestly, supports population control, other "liberal" causes. Maintains family tradition (Mellon fortune founded by 19th-century venture capital investments) in small way funding emerging companies through Roldiva Inc. Net worth from trusts believed over $400 million. *(See also other Mellons, Currier.)*

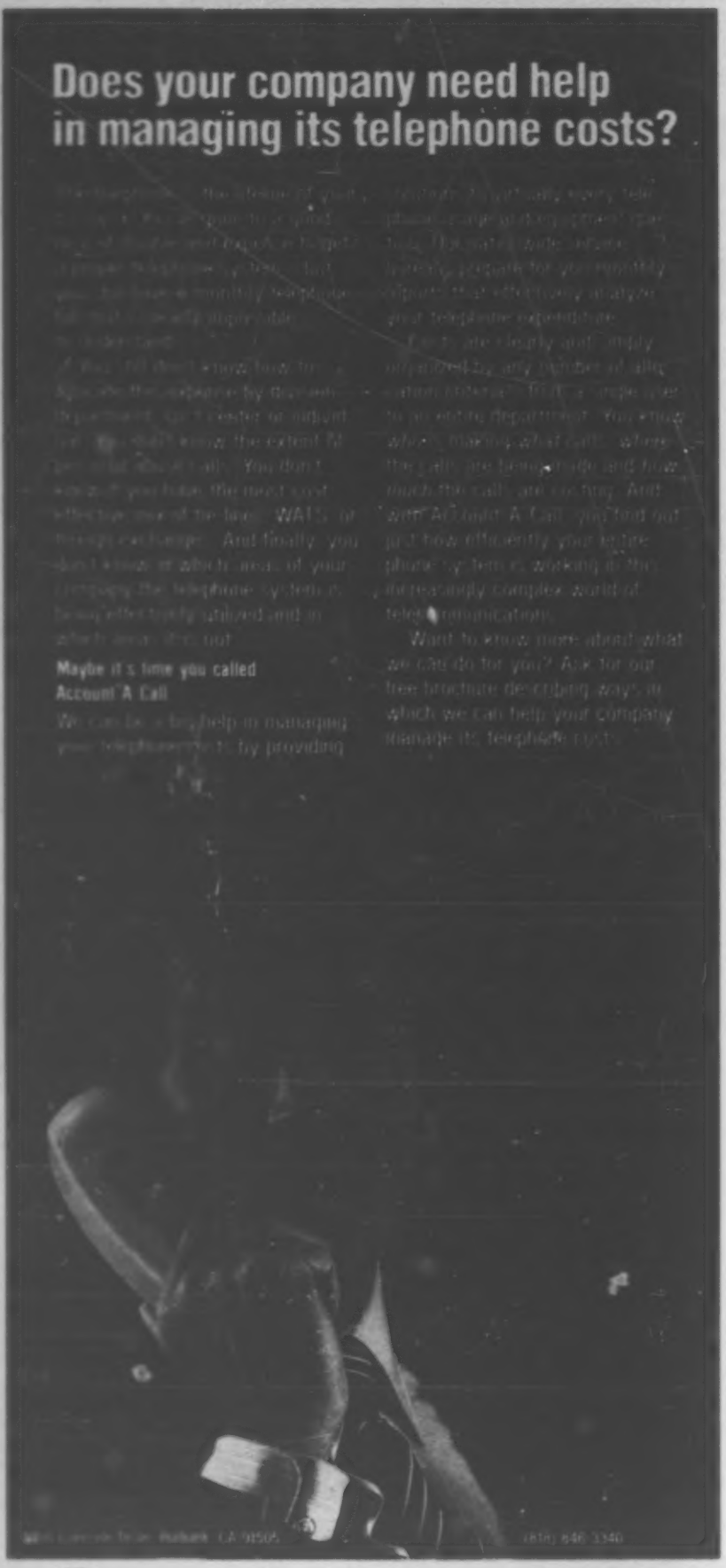
Claude B. Pennington

Oil, gas. Baton Rouge, La. 85. Married, 1 son (deceased). Born Louisiana to eye and ear doctor 1 year before state's first oil strike. Roughnecked summers in La. oilfields: "I came up the hard way." Joined father 1925 as optometrist; closed clinic day after father's death. "Doc" shifted to oil: traded leases; bought Port Hudson property mid-1950s for $400,000. Not surprised by big strikes 1952: "I just sort of expected them." Pennington Oil Co. drilling 7 states; interests in over 100 wells. Largest local bank depositor, said to have over $70 million in bank. Very charitable. Nutrition conscious: Eats fried food only if cooked in peanut oil. With vast reserves, royalties, net worth still above $400 million.

Roy Hampton Park

Park Communications. Ithaca, N.Y. 76. Married; 1 son, 1 daughter. Raised on North Carolina farm, AP reporter while attending NC State. After college PR man for local farm

26 members of The Forbes Four Hundred have fortunes derived principally from New York City real estate.



co-ops; moved to Ithaca, opened ad agency 1942. Established Hines-Park foods under Duncan Hines label 1947, first to advertise cake mixes on TV. Merged 1956 into Procter & Gamble for stock. Bought first TV station, WNCT, in N.C. 1962. Park Communications now 7 TV stations, 18 radio, 86 publications nationwide. Collects antique cars, watches; raises peacocks on Ithaca estate. With stock portfolio, Florida orange groves, etc. fortune some $400 million.

Roy Edward Disney

Walt Disney Productions, broadcasting. Los Angeles. 56. Married, 4 children. Father Roy O., uncle Walt the celebrated cartoonist started Walt Disney Productions 1923: cartoons, movies; then theme parks, etc. Roy E. worked in studios for 23 years, quit after bitter fight for creative control: "It became a real estate company that also happened to make movies." Returned as vice chairman with new management 1984, reemphasized animated movies. Also Shamrock Broadcasting (3 TV stations, 11 radio); major stakes 4 public cos. Building 68-ft. sailboat for Transpacific Yacht Race to Hawaii. Net worth exceeds $400 million. "I'm enormously happy."

Nelson Bunker Hunt

Inheritance, oil, real estate. Dallas. 60. Married, 4 children. Second son of H.L. Hunt. Shares "first family" trusts *(see other Hunts, Hill, Schoellkopf)*: crown jewel Placid Oil filed Chapter 11 August; other parts in or near it—fallout from 1980 silver bubble ("Bunky" was epicenter), oil bust. Suing 23 banks for $13.8 billion, alleging conspiracy to "dismantle and ultimately destroy" Hunt interests. In 1960s world's richest man, worth $16 billion (owned vast Libyan oilfields; nationalized 1973). Unattached assets (real estate, ranching, Thoroughbreds, farmland, etc.) may still exceed $400 million, for now. Bunker: "Why should I worry? Worrying is for people with strong intellect or weak character."

John Jeffry Louis Jr.

Inheritance. Winnetka, Ill. 61. Married, 3 children. Mother, Henrietta, a Johnson of Johnson Wax *(see also*

The Forbes Four Hundred

Samuel Curtis Johnson). Attended Deerfield Academy; left to join Air Force, got wings 1945. Worked in father's ad agency before international marketing directorship for Johnson Wax. Appointed ambassador to Britain by Reagan 1981. Not professional diplomat: resigned 1983. Director various corporations (Gannett, Butler Intl., Baxter Travenol). Philanthropic; lover of golf, flying: high-speed flight in F-15 over Germany. With family's 30% S.C. Johnson & Son, other holdings, worth at least $400 million; lately denied by him.

Robert Rich Jr.

Rich Products Corp. Buffalo, N.Y. 73. Married, 3 children. After WWII stint at War Foods Administration developed soybean-based whipping cream, then Coffee Rich creamer (1960) for family dairy business. Son Robert Jr. now president—"nepotism works." Grows through acquisition, mostly small privately held frozen-food companies. "I'd like to see us be to Buffalo what Procter & Gamble is to Cincinnati." Sales 1985 near $600 million. Family name on NFL stadium; Bob Jr. vice-chairman hockey franchise, president class AAA Buffalo (baseball) Bisons; applied for major league franchise. Prefers Palm Beach in winter. Company worth at least $400 million.

21 members of The Forbes Four Hundred are Texas oilmen.

James Landon Knight

Knight-Ridder, Inc. Miami. 77. Married, 4 daughters. Family enterprise, *Akron Beacon Journal,* owned by father, Charles Landon Knight, brother John (d. 1981) was a director, concentrated on editorial; James ran the business side. Purchased *Miami Herald* 1937, *Detroit Free Press* 1940, currently owns 28 daily papers. Went public 1969, formed Knight-Ridder Newspapers through 1974 merger with Ridder family. Company has diversified into broadcasting and cable. Launched Viewtron 1983 in Miami, a videotex system, recently abandoned because of weak consumer demand. Bulk of John's estate left to Knight Foundation. James' stake in Knight-Ridder is worth $385 million.

William Russell Kelly

Kelly Services, Inc. Troy, Mich. 80. Married, adopted son. Born British Columbia; father international oil pioneer, died 1928 leaving no estate. Kelly worked as auto salesman, accountant for Great Atlantic & Pacific Tea Co.; Army quartermaster WWII. After, opened office-services bureau Detroit. Kelly Girl Services, Inc. (public 1962) became Kelly Services, Inc. 1966 as temporary work force diversified. Provides clerical, technical, light industrial, even executive fill-ins. 1985 revenues $876 million, over 650 offices worldwide. Stepson, Terence Adderley, president. William, chairman of the board, holds stock worth about $380 million.

Richard Jerome O'Neill

Alice O'Neill Avery

Brother and sister. Inheritance, real estate. Grandfather Richard O'Neill left Ireland to manage friend James Flood's huge southern California ranch in return for half of property. Grandchildren inherited 110,000-acre ranch 1943; judicious sales, including $50 million for 11,000-acre Mission Viejo tract 1970s, brought in substantial wealth. Now developing 5,000-acre Rancho Santa Margarita planned community in Orange County; runaway success under guidance of Alice's son Anthony Moiso has boosted value of remaining acreage. Richard: San Juan Capistrano, Calif. 63. Married, no children. Major power in local Democratic politics. Keeps busy with a restaurant chain. Alice: West LA. 69. Divorced, widowed; 3 sons. Alice and Richard share ranch, other assets worth over $750 million.

Laszlo Nandor Tauber

Real estate. Potomac, Md. 71. Divorced, remarried; 2 children. Champion teenage Hungarian gymnast; surgeon 1942. Nazi labor camp 1944; second escape successful. To U.S. 1947 with $700. Invested in real estate 1950s; financed own hospital. Now Uncle Sam's largest office landlord: over 3.5 million sq. ft. in D.C. Low rents to start, big increases on renewal: "We are counting the days." Also NYC properties, incl. AMA Building. Gives much to Holocaust studies, supports families Hungary, Israel; searches for those who helped him in the past. Still chief of surgery: "Building is not an ego trip for me. Surgery is the satisfaction of my life." Net worth over $375 million.

Marshall Field V

Frederick Woodruff Field

Half brothers. Inheritance; real estate, media. Original Marshall Field arrived Chicago 1850s; started as salesman, built up Marshall Field & Co. into world's largest department store: "Give the lady what she wants." Marshall III sold store 1941; built media empire with startup of *Chicago Sun;* added *Times* 1948. Marshall IV inherited (d. 1965, at 49). Harvard-fresh Marshall V joined *Sun-Times;* publisher age 28. Shared Field Enterprises (5 TV stations, cable, *Sun-Times,* etc.) with incompatible half brother Frederick (Ted) who prompted liquidation 1983. Marshall: Chicago. 45. Divorced, remarried; 3 daughters, 1 son. Bought Ted's share of real estate arm Cabot, Cabot & Forbes; now main business thrust. Purchased Pioneer Press from Time Inc.; educational publications from Xerox. Loves to fish, but quit tuna fishing "because you come out feel-

ing like you've been run over." Recently agreed to buy Muzak from Westinghouse. Ted: Los Angeles. 33. Separated, 1 daughter. Quit racing cars, now TV, film producer as Interscope Communications, Panavision. Private; rumors of soured timber, banking deals. "I'm not obsessed with carrying the [family] torch." Each owned over 40% of firm (sisters had nonvoting interests). Marshall worth at least $375 million; Ted, $260 million.

Cyril Wagner Jr.

Jack E. Brown

Partners. Oil, investments. Midland, Tex. Wagner: 52. Divorced, remarried; 5 children. Brown: 60. Married, 3 children. Brown, an engineer, and Wagner, a geologist, set up Wagner & Brown Oil Properties 1962, built up vast production including huge Conger field. Partnership sealed with handshake, not contracts. Diversified out of oil with Canyon Inc.: plastics, aeronautics, real estate, shrimp farming. Buddies with T. Boone Pickens, joined him on failed Gulf bid 1984, for $70 million profit; also backed Pickens' runs at Phillips Petroleum, Unocal. Tendered for pipeline company MidCon 1985 (with Freeport McMoRan), sold out for over $40 million profit; solo bid for Panhandle Eastern 1986 rejected. Brown a studious planner, Wagner the gregarious dealmaker, financial whiz: "Don't underestimate him just because he's a good old boy." Share fortune worth $750 million.

James LeVoy Sorenson

Medical devices. Salt Lake City. 65. Married, 8 children. Turned down medical school for Mormon mission; later, successful Upjohn salesman. Began buying pastureland at $25/acre; sold claims to speculators during uranium boom. Moved by suffering hospital patients, began developing medical devices late 1950s; hit big with disposable catheter. Started Sorenson Research early 1970s; sold to Abbott Labs 1980 for $100 million in stock. Still runs Sorenson Development: genetic engineering, geomagnetic devices, etc. Jogger, family man. Now much land. Net worth at least $375 million. "Entrepreneurs are gamblers, but the smart ones gamble on themselves."

Lowell W. Paxson

Roy M. Speer

Partners. Home Shopping Network. Clearwater, Fla. Entrepreneurs with idea for the 1980s: televised retail. Viewers phone in orders, money flows in to HSN. Founded company 1977; now national audience. Took public spring 1986 at $18, rocketed to over $100, split. Now buying TV stations. Lowell ("Bud"): 52. Married, children. Former radio host, handles promotion. Used to own radio stations. His 45% HSN worth $375 million. Roy: 54. Married, children. Former lawyer; also early oil, farming ventures with Bud; he's the money man. Roy's 26% worth $220 million. "We're an impulse buy."

Jane B. Engelhard

Inheritance. Far Hills, N.J. 68. Twice widowed, 5 daughters. Father was Brazilian diplomat. Second husband Charles Engelhard Jr. (d. 1971) prototype for James Bond character Goldfinger, inherited small Engelhard Minerals & Chemicals (now Engelhard Corp.), built into thriving global concern. With Jane, epitomized international jet set, traveled world in private airliner. Daughter Annette Reed is New York society leader. Jane, still active in some community affairs, lives quietly at "Cragwood." Including trusts, controls fortune over $365 million.

William Clay Ford

Henry Ford II

Josephine Clay Ford

Brothers and sister. Grandchildren of the Henry Ford. Their Class B Ford Motor Co. stock has 40% voting share. Henry II: 69. Palm Beach. Twice divorced, remarried; 3 children by last wife. Autocratic dynast in tradition of grandfather; determined to run company as father Edsel was never allowed. Failed to graduate Yale; named Ford director junior year. Released from Navy after father's death 1943 to rescue faltering giant; won leadership; managed turnaround from multimillion-dollar losses to tremendous profits. Helped lead reconstruction downtown Detroit. Much-publicized battle with presidential noncandidate, TV spokesperson Lee Iacocca. Retired as chairman 1980; son Edsel II becoming active in company. Henry on recent biography, which dwells on his active love life: "What you've written is a sex book." With immediate family's stock, art, etc., net worth over $250 million. Josephine (Dodie): 63. Grosse Pointe, Mich. Married, 4 children. Husband Walter B. Ford II from unrelated old Detroit banking family. CEO of design firm Ford & Earl Associates. Major art patron, has been active family charities. Her share Ford, with family, worth $205 million. William Clay: 61. Grosse Pointe Shores, Mich. Married, 4 children. Also director while Yalie; he graduated. Now vice chairman. Reportedly refused caretaker stewardship when flamboyant brother retired. Owns NFL Detroit Lions, favors mandatory random drug testing for athletes: "Forget the collective bargaining agreement." Excellent athlete himself. "Believes he could have made it on his own if he had begun with nothing." Wife is Martha Firestone. With stock, Lions, personal golf course, real estate, net worth exceeds $360 million.

Ernest Gallo

Julio Gallo

Brothers. Wine. Modesto, Calif. 77, 76. Each married with 2 children. Italian immigrant father, Joseph, bought 230-acre Modesto vineyard. Ernest and Julio started first winepress in shed 1933 with determination, $5,900. Made $30,000 in Depression-ridden first year selling wine at half price. Ever since, smiling Julio squeezes the grapes, unsmiling Ernest pinches the pennies, makes millions. Today E&J Gallo exceeds $700 million sales, over 25% U.S. wine market (Boone's Farm, Thunderbird, Carlo Rossi,

etc.]. Latest hit: Bartles & Jaymes grabbed over 30% wine cooler market. Higher profitability via integration: grows, picks, squeezes, bottles, distributes, collects; industry price leader. Suing younger brother Joseph, 64, over use of family name. Extremely private: no public tours, no figures released. Retirement not likely. Former executive: "They are going to carry Ernest out of there." And after? Industry consultant: "That's the biggest question in the whole industry." Ernest and Julio share fortune exceeding $700 million.

Sigfried Weis

Robert Freeman Weis

Cousins. Weis Markets, Inc. Sigfried: Lewisburg, Pa. 70. Robert: Sunbury, Pa. 67. Both married, each 3 children. Grandfather Sigfried Weis founded family grocery store, 1870. Sig and Robert expanded into 4-state, 121-store supermarket chain. Margins 5 times industry average on over $1 billion sales. Secret according to Sig: attention to details, and "I advise my employees to bring two hands, their head and their heart to their job." Community-minded (schools and hospitals); buys much produce from locals, over 1,500 private-label products. Also owns Amity House family-style restaurants. Energetic Sig controls Weis stock worth over $360 million. VP Robert more involved with company expansion, new stores. Low-key, shuns publicity; "but I'm as active in the business as anyone." Owns stock worth almost $300 million. Sister Ellen's stock worth about $100 million.

Robert William Galvin

Motorola: Barrington Hills, Ill. 64. Married, 4 children. Father, Paul Galvin (d. 1959), started 1928 manufacturing car radios; made walkie-talkies WWII. Later, TVs, police radios, defense contracts. Robert Galvin groomed for business from childhood, president 1956. Sold off TV production, built up semiconductors (No. 2 in world). Total 1985 sales ($5.4 billion) down nearly $100 million from 1985. Entering new markets with cellular mobile phone units, but struggling against tough competition from Far East. "I obviously inherited the right to leadership, hopefully I earned the right to continuance." Stock holdings Galvin and immediate family valued at over $350 million.

Fitz Eugene Dixon Jr.

Inheritance. Lafayette Hill, Pa., Palm Beach, Fla. 63. Married; 1 son, 1 daughter. Primary heir to 2 great Philadelphia fortunes, streetcar magnate P.A.B. Widener (d. 1915 worth $100 million), William Elkins (d. 1903 worth $30 million). Harvard dropout freshman year, spent 16½ years—"happiest days of my life"—teaching at his Main Line prep school, Episcopal Academy. Now, philanthropist, manages fortune: mostly blue-chip stocks, high-grade bonds. Owns most of Grindstone Neck, Me., faded resort where he was born. Once owned basketball 76ers, now 10% baseball Phillies. Share of P.A.B. Widener Trust, private portfolio: estimated net worth over $350 million.

Edward Crosby Johnson III

Investment management. Boston. 56. Married; 2 daughters, 1 son. Father, Edward II, lawyer, acquired moribund Fidelity Management Corp. 1946, built leading mutual fund manager. "Ned" CEO from 1972, navigated industry decline 1970s, built FMC to preeminence (incl. flagship Magellan Fund): $4.3 billion under management 1972; lately $55.8 billion. Belt-and-suspenders businessman, imaginative inventor funds: Offers over 90. "He is a private person, as a passion." Spreads stock among valued employees; keeps 71% voting stock; 41% nonvoting in family trusts; worth above $350 million. Children uninterested in business.

Jack Rudin

Lewis Rudin

Brothers. Real estate. NYC. Father, Samuel, and his brothers founded Rudin Management 1924 to run handful of tenements. Jack: 62. Widowed, 3 children. Lewis: 59. Twice divorced, 2 children. Both joined firm 1946; today over 4,000 Manhattan apts., 6-million-plus sq. ft. office space, mostly pre-1972 and very profitable. Family philosophy: Never sell (still own first building, bought 1902). Building 350,000 sq. ft. midtown office tower. Jack handles construction; Lew finance, management. Jack chairs NYC Marathon committee "temporarily" since 1977; gives annual "Rudin Trophies." Lew awarded honorary title, Commander of the Most Excellent Order of the British Empire in 1979. Civic-minded: founder-chairman Association for a Better New York. Led developers in prepaying taxes during NYC fiscal crisis 1975: "We couldn't very well pick up our buildings and move them across the George Washington Bridge." Share fortune exceeding $700 million.

William Herbert Hunt

Inheritance, oil, real estate. Dallas. 57. Married, 5 children. Third son in H.L. Hunt's "first family" *(see other Hunts, Hill, Schoellkopf)*. Closest to Bunker: "They're like Mutt and Jeff." Shares family crown jewel Placid Oil; Placid and Herbert's trust filed Ch. 11 August—fallout from Bunker's silver bubble, oil collapse. Herbert principal manager oil interests; built Penrod into world's largest offshore driller. Lives modestly; mows own lawn. Unattacned assets (real estate, ancient bronzes, etc.) may still total $350 million, for now. "Dad said, 'Never borrow money unless you can get it paid back.' I guess I didn't listen well enough."

Arthur Ochs Sulzberger

Iphigene Ochs Sulzberger

NYC. Tennessee newsman Adolph S. Ochs (1858-1935) purchased *New York Times* 1896 for $75,000; alternative to era's "yellow journalism" became one of world's most respected newspapers. Some decline from escalating labor costs, reader flight to suburbs 1950s, 1960s. Grandson Arthur Ochs "Punch" Sulzberger revamped *Times* 1970s: new design recaptured elite readers; also, diversified (owns 33 regional papers, 6 magazines, 2 radio, 5 TV stations, cable, et al.). Spent $400 million in acquisitions 1985; revenues $1.4 billion. Punch: 60. Divorced, remarried; 2 children by first marriage, 2 by second. Soft-spoken, self-professed "lazy good-for-nothing" as student, now earns high marks as publisher. Mother Iphigene: 94, widowed. Witty, irreverent, expelled at 12 from girls' school; once offered Chou En-lai

A versatile banking partner in New York

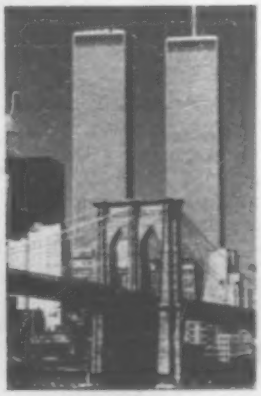
Big financial capacity.

Helaba Frankfurt is one of West Germany's leading financial institutions with total assets of more than DM 66 billion. A government- backed wholesale bank, Helaba Frankfurt operates as a full service branch in New York focusing on German companies in the U.S. and American companies with subsidiaries in Germany.

Multiple service potential.

The service potential of Helaba Frankfurt in New York ranges from variable and fixed interest short, medium and long-term loans in US dollars or DM to deposits in these currencies. From Eximbank-guaranteed export financing to forex dealing, documentary transactions and cross-border payments.

Clients benefit from the Bank's direct access to the U.S. and international money markets as well as its especially strong links to all sectors of the German economy via the nation's vast savings banks organization.



On the spot in New York.

If you require a versatile partner for financing in US dollars or DM, just contact us in New York.

Reinhard P. Hube
Marla Miller
General Managers

Helaba Frankfurt
New York Branch
499 Park Avenue
New York, N.Y. 10022
Tel. (212) 371 25 00
Telex 234 426

Helaba Frankfurt
Hessische Landesbank - Girozentrale -

reporter's job. Matriarch with influence on 4 publishers (father, brother-in-law, husband, son): "My chief claim to fame is survival." Mother and son preside over trust that controls New York Times Co. With stock sales, combined fortune exceeds $680 million.

Barbara Piasecka Johnson

Inheritance. Princeton, N.J. 49. Widowed, no children. Third wife of John Seward Johnson (d. 1983). Polish art history student, fled Europe, arrived U.S. 1968. Upstairs chambermaid on Johnson's estate; married him 3 years later. Estates in Florida, Bahamas, Italy. Built $30 million, 140-acre "Jasna Polana" in Princeton late 1970s complete with bomb shelter to withstand atomic attack, air-conditioned doghouse. Vast old masters collection: Raphael, Botticelli, Rembrandt. After drawn-out, soap-opera court battle with Johnson's children *(which see)*, "Basia" granted assets exceeding $335 million; the children got $42 million.

Donald George Fisher

The Gap. San Francisco. 58. Married, 3 sons. Opened first Gap store 1969 between 2 SF colleges, stocked only Levis, record albums; disks failed; denim was dynamite. Great innovation: arranged clothes by size rather than style for shopping-haters (like Don). Rode 1970s jeans boom. Competing distribution by Levi, fashion shifts collapsed stock 1983. Revamped: exclusive private-label goods for older but still casual audience. The Gap today: 688 stores, including Banana Republic (safari and military surplus, acquired 1983). Fastidious about stores: "If those shirts aren't lined up when he walks in, God help you." With wife, holds stock worth about $335 million.

Seymour Cohn

Real estate. NYC and Upper Brookville, N.Y. 75. Widowed, 2 children. After WWII, found apt. tenants with brother Sylvan Lawrence. Used commissions to buy properties; parlayed into largest, if unsung, commercial real estate empire in lower Manhattan: nearly 8 million sq. ft. at peak. Sylvan ran firm until death 1981; half since

sold for $500 million (Seymour: "Financially, the wrong one died"). Spends much time breeding horses: "I've always had a horse. I've always had a girl. Girls love horses. I love horses, and I love girls." Suit by NYC 1985 for alleged bribes for city leases still pending. His half estimated $335 million *(see Lawrence family).*

Estée Lauder

Leonard Alan Lauder

Ronald Steven Lauder

Cosmetics. NYC and the Hamptons. Born NYC's Queens as Josephine Esther Mentzer to Hungarian immigrant parents. Peddled skin creams for Viennese uncle, attached her name to several brands. Married high school classmate Joseph Lauder (d. 1983), started own company 1946 with 4 brands. By 1960 sales over $1 million (mostly from Youth Dew fragrance). Today Estée Lauder, Inc. 3rd-largest cosmetics firm: over $1 billion sales (Clinique, Cinnabar, White Linen). Sold mostly through upscale stores, boutiques. Estée: age? *(See Fact & Comment, p. 23.)* Widowed, 2 sons. Not involved in day-to-day operations, but "Blue Lady" (her color) still reigning queen of cosmetics. "Sees" fragrances; uncanny sixth sense for consumer trends. Wrote revealing *Estée: A Success Story,* 1985. Leonard: 52. Married, 2 sons. Current CEO; instrumental in firm's expansion overseas. Ronald: 42. Married, 2 daughters. Ran foreign operations. Political aspirations spurred 1983 exit to become deputy asst. defense secretary (NATO); now U.S. Ambassador to Austria; still company director. Share fortune over $1 billion.

Walter Herbert Shorenstein

Real estate. San Francisco. 71. Married, 2 children. Born in Glen Cove, N.Y.; arrived San Francisco 1945 with separation pay. Real estate salesman with Milton Meyer & Co.; became partner 1951; sole owner upon Meyer's death 1960. Owns about 3 million sq. ft. offices; manages another 10 million sq. ft.: 25% of prime SF office space. Much with institutions. Bought SF's Bank of America complex for $660 million 1985. Big Democratic fundraiser. Net worth exceeds $325 million. "I used to think that if anyone could ever earn a million dollars, that's all you could want. But it's like pedaling a bike—once you get going, it's hard to stop."

Lawrence Fisher

Zachary Fisher

Brothers. Real estate. NYC. Larry: 77. Zachary: 76. Both married, 1 child each. Third generation of family in New York real estate (their sons, nephews in the business). Built Queens apts. 1930s, moved to Manhattan 1960s: several million square feet prime, sizable midtown office towers (Park Ave. Plaza, Burlington Bldg., et al.). Respected for architectural sense, but tried to tear down landmark Lever House 1983. Also Miami hotels, NJ shopping centers. Recently active stock market: small profit in Saul Steinberg's Disney raid 1984. Considered run at CBS 1985, sold stock for estimated $30 million profit. Larry, tough negotiator, secretive: "I am not the kind of guy who likes to see his name in the newspapers." Big NY Yankees fan. Zachary: bankrolled conversion of aircraft carrier *Intrepid* into now-bankrupt floating museum. Believed worth $650 million or more.

Miller Nichols

Real estate. Prairie Village, Kans. 75. Widowed, remarried; 4 children, 2 stepchildren. Father J.C. Nichols formed syndicate 1904, began buying Kansas City land: predicted suburban development amid rise of automobile early 1900s. Created 55-acre Country Club Plaza, first suburban shopping center, 1922. Also major KC home builder. Son Miller worked at age 11 in company woodworking shop. After WWII, salesman, then president, became CEO upon father's death 1950. Development in KC area, Des Moines, St. Louis, Florida. Took firm private in 1984. Ardent Republican, National Conservative PAC contributor. In KC, "He's like the 500-pound gorilla, he sits anywhere he wants to." Nichols owns 67% J.C. Nichols Co., worth over $325 million.

Ewing Marion Kauffman

Marion Laboratories. Kansas City, Mo. 70. Married, 3 children. Missouri farm boy; Navy WWII; pharmaceutical salesman. Quit after his sales commissions exceeded company president's salary, started own company with Os-Cal, a calcium supplement in tablet form. Marion Laboratories founded 1950. Spends nothing on primary research, reformulates, licenses other firms' ideas, like Cardizem, a cardiovascular drug. Recently sold 49% of the Kansas City Royals for $11 million, remains chairman, co-owner. Stock, other assets, worth more than $325 million. "Even now, playing golf or bowling with friends, I am consumed by the desire to be the top man."

Shelby Cullom Davis

Investment banking. Tarrytown, N.Y. 77. Married; 2 children. Former U.S. Ambassador to Switzerland. CBS correspondent in Switzerland before World War II. Started investment bank Shelby Cullom Davis & Co. in 1947 with $100,000: major specialist in insurance stocks. Princeton grad, gave $5.3 million to school 1964 to commemorate centennial of father's (Class of '86) birth. Active in conservative causes; chairman of Heritage Foundation; economic adviser for two Dewey presidential campaigns. With wife of 54 years, avid skier. Says business career has been "a very worthwhile experience." Net worth over $325 million.

Ted Arison

Cruise ships, banking, real estate. Miami Beach. 62. Divorced, remarried; 2 children by first marriage, 1 by second. Born Palestine; father owned shipping line. Quit college for Jewish brigade 1942, left Tel Aviv 1952; built cruise line. "I wanted to be a self-made man." Carnival Cruise Lines now 6 mass-market "fun" ships: on-board gambling, live music; always 100%

booked. Revenues over $350 million; offshore corporation pays no U.S. taxes. Also banking, cargo shipping, Miami real estate. Operates Nassau casino and hotel; will be replaced by new 750-room hotel. "When I'm not working, I'm working." Son Micky, 36, president. Cruise line alone is worth $325 million.

Patrick Joseph McGovern

Publishing. Nashua, N.H. 49. Divorced, remarried; 2 children, 2 stepchildren. Raised Philadelphia, son of construction manager. Caught computer bug 10th grade. Won scholarship to, edited computer magazine for, MIT. Saw need for data exchange in computer market, launched International Data Group 1964. IDG now 68 publications in over 26 countries, incl. flagship *Computerworld*, one of nation's biggest specialty magazines (circ.: over 150,000). "Chairman Pat" slowly selling stock to employee trust, "to build a total, common family." Plans to sell 51% when sales $1 billion. Current wife Lore Harp, founder of Vector Graphic. His 85% IDG worth over $325 million.

Bob John Magness

Cable TV. Denver, Colo. 62. Widowed, 2 sons. Oklahoma-born, worked as roughneck, cottonseed buyer after college. Worked for Anderson Clayton selling cotton and seed. Intrigued by cable TV, laid first system in Texas Panhandle 1956; became country's largest cable TV corp. via formula: Built cable systems, sold after depreciation; repeat. Formed Tele-Communications, Inc. 1968. Expanded throughout West by acquiring existing cable companies to become leading cable operator with over 3 million subscribers in 42 states. "Right now, the sale prices seem high." Collects Western art; extensive cattle, ranch holdings. Breeds prize-winning Arabian horses. His stake TCI worth $325 million.

Marshall Edison (Doc) Rinker

Cement. Palm Beach. 81. Widowed, 3 sons. Nicknamed "Doc" for his sickly childhood, proved hardiness working 12-hour days to get cement company off the ground 1926.

117 members of The Forbes Four Hundred have been divorced.

First "rock-sand-muck" sales from back of truck; survived hurricanes, Depression; today Rinker Materials largest Florida cement company. Corporate philosophy: "Conservative but not chicken." Oldest son David apparent successor until Rinker reclaimed helm 1983. Rumor of family dispute scotched $350 million sale of company 1984; offers continue. "It's like a beautiful blonde. Everyone wants to pick her up." So far Doc retains company, land holdings worth in excess of $325 million.

Leonard Samuel Skaggs Jr.

American Stores Co. Salt Lake City, 63. Married, 4 children. Tennessee Baptist Samuel Skaggs (grandfather) opened first Skaggs store 1915. L.S. Sr. founded Safeway chain with 5 brothers. Started Skaggs Cos. with acquisition Payless Drug Stores, 1939. L.S. Jr. inherited 1950 at 26. With Joe Albertson *(ubicb see)* pioneered "one-stop" concept merging grocery, drugstores 1970. Success, but partners split 1977. L.S. purchased rival Jewell Cos. 1984 in hostile takeover. Analyst: "He likes to get what he wants to get." Salmonella outbreak in Chicago hurt 1985, but still 3rd-largest supermarket/drugstore. Chairman frugal, low profile; shares worth over $320 million.

William S. Paley

CBS. NYC and Southampton, N.Y. 85. Divorced, widowed; 4 children, 2 stepchildren. Grandson of Russian lumber magnate, son of successful cigar salesman. Brief stint working for father after Wharton. Irrepressible ladies' man, swore he'd forsake work for the beach at 35. Instead salvaged ailing radio network; built into CBS, hooked talent (Bing Crosby, Jack Benny, Edward Murrow, et al.). Outlasted several "successors," reluctantly retired 1983, but regained control with Larry Tisch *(ubicb see)* in September coup: "It's like having a child . . . it's pretty hard to jerk yourself away from that entirely." CBS stock; smaller holdings media, oil, computer and genetics research: minimum net worth $320 million.

William Henry Gates III

Microsoft. Seattle. 30. Single. Dropped out of Harvard to found software firm with Paul Allen *(ubicb see)*. True believer in computer crusade, says firm will stick to software as way of "contributing" to cause. "The way to do big, unique things is to focus on those things and pursue them." Lives a mile from parents, near wealthy area in which he grew up and prepped. "My money will stay in Microsoft, and I'll be doing this for a long, long time." Net worth: over $315 million after stock went public in March; Gates demurs, because "leery of counting paper assets as real wealth."

James R. Cargill
Margaret Cargill

Brother and sister. Cargill, Inc. Great-grandchildren of William D. Cargill (d. 1909), founder of food processing giant *(see Cargill/MacMillan family; also individual MacMillans, Keinath, Pictet)*. James: Minneapolis. 63. Married, 3 children. With company since 1947, now senior v.p., director. Maintains office in headquarters, said to concentrate on personal business affairs. Expert trout fisherman. Margaret: La Jolla, Calif. 66. Single. Extremely private, little known. Together, believed to own their family branch's 25% Cargill stock, worth more than $630 million.

Charles Francis Dolan

Cable television. Oyster Bay, N.Y. 60. Married, 6 children. Ohio boy, persuaded Cleveland paper to run

his weekly Boy Scout column for $2/week at age 15. To New York 1952; made industrial films; breakthrough 1960: wired news service into NYC hotel TVs. Landed cable franchise for southern Manhattan 1965; heavy costs financed by limited partnerships. Created Home Box Office, sold to Time Inc. Took Cablevision Systems public late 1985; retains interests in private cable companies with over 300,000 subscribers. "Chuck" low-key, boyish looks, avid sailor: "Not what you'd call a yachtsman, but I love it." With stock, other holdings, net worth $310 million.

Lawry Abraham Silverstein

Real estate. NYC. 55. Married, 3 children. Started as leasing broker with father, moved on to syndications with now ex-brother-in-law Bernie Mendik *(ubich see)* 1957-77; still partners on some buildings. Controls 7 million sq. ft. NYC office buildings; also offices N.J., Miami; shopping centers Ky., Del. Made real big time with unfinished 47-story, 2 million-sq.-ft. No. 7 World Trade Center: whole shebang leased to Drexel Burnham Lambert. Will reportedly clear $1 million per month. Industry consensus: "He hit a home run." For next act assembled 12 acres on W. 42nd St., could build 5 million sq. ft.; wooing NBC. Industry spokesman considered straight, square: "the Dudley Do-Right of New York real estate." Loves yachting. Net worth well over $300 million.

Ralph Lauren

Apparel. NYC. 47. Married, 3 children. Raised in Bronx, NYC; high school ambition: "Millionaire." Attended Yeshiva Univ. Apprenticed at Alexander's, Brooks Brothers. Designed wide necktie, a 1960s hit. Started Polo Inc. 1967 with $50,000. Moved into preppy clothes 1970s; his duds in *Annie Hall* sparked a "look." Designs to fantasy of wealth, status, "old money." With licensing, Polo goods gross $1.2 billion; now muscling into retail with own stores. Ralph owns 90%: "I like being rich, but I try not to think about it much. That kind of thing can take over." Personally wears jeans, work shirts: "Somehow I have gotten more seedy as time's gone on." Minimum net worth: over $300 million.

Mark Goodson

Game shows. NYC. 71. Thrice divorced; 2 children by first marriage, 1 by second. Father opened first health food store in Berkeley, Calif. 1932. "Mike fright" ended radio announcer career, so produced soap operas. Partners with Bill Todman 1946; entered TV 1950 with *What's My Line?*: "I gave it 10 weeks." Later, *I've Got a Secret, To Tell the Truth, The Price Is Right, Password, Family Feud*, etc., etc. Profits plowed into newspapers, real estate. Heirs of Todman (d. 1979) sued, Goodson bought out 1983. Paid $170 million for *New Haven Register* 1986. When in LA, works poolside ("I like a tan look"). Net worth exceeds $300 million. "I know that I have money, but I don't feel rich."

Ernest Walter Hahn

Shopping centers. Rancho Santa Fe, Calif. 67. Married, 3 children. Father was German immigrant baker; moved family to LA in search of the good life. Young Ernie pumped gas, carried hod for 25 cents/hour. Married 5th-grade sweetheart age 21. After Navy WWII started own contracting firm. Bought out partner; switched from public buildings to shopping centers as suburbia bloomed. Ernest W. Hahn Inc. now over 32 million sq. ft. shopping center space, over 50 centers built. Latest prize: San Diego's Horton Plaza; 900,000 sq. ft., 6-block shopping "city." Philanthropic, amiable: "I like people, I am curious, and I like to work." Net worth estimated over $300 million.

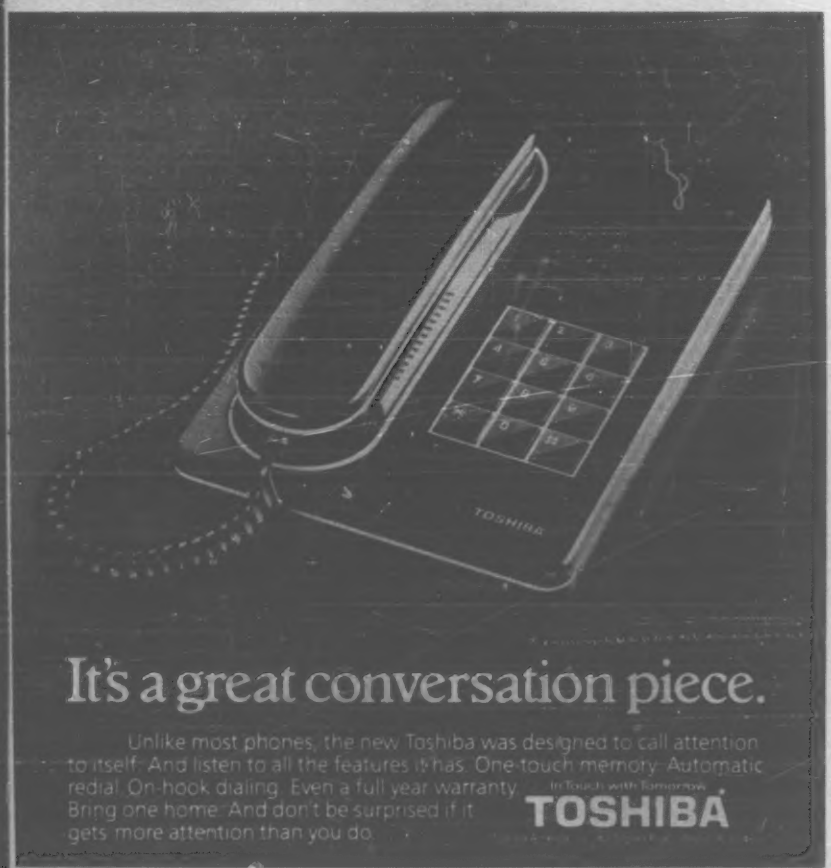
Robert Alfred Lurie

Real estate, inheritance. San Francisco. 57. Divorced, remarried; 4 children, 2 adopted stepchildren. Father Louis flamboyant real estate, entertainment tycoon who hawked newspapers at age 6 to support mother. Built 300 buildings, vast fortune. Also Broadway hits *(South Pacific, West Side Story)*, movies *(Tarzan)*, talent (Mae West). Died 1972; son Robert inherited. Maintains properties, but no new buildings in over 30 years. Bought SF (baseball) Giants 1976, poor attendance prompts selling threats. "I'm not in this to make a lot of money, but I do think we're entitled to some profit some time." Consolation: His SF, Chicago properties worth above $300 million.

Thomas Mellon Evans

Investments. NYC. 76. Divorced, widowed, remarried; 3 children by first marriage. Graduated Yale; early business training from distant relative, Gulf Oil boss W.L. Mellon led him into career as acquirer of undermanaged companies. Turnarounds included bankrupt H.K. Porter 1938, Crane Co. from 1959; more than 80 other takeovers. Relishes change in business environ-

Among The Forbes Four Hundred,
2 are in their 20s
12 are in their 30s
58 are in their 40s
89 are in their 50s
120 are in their 60s
84 are in their 70s
33 are in their 80s
2 are in their 90s



ment: "Takeovers weren't respectable. Now they are." Resigned as chairman of Crane following losing battle with board, son Shel over buyout proposal Tom favored. Retains major holdings Fansteel, Porter, others; horses, bonds, art. Net worth over $300 million.

Doris Duke

Inheritance. Somerville, N.J.; Newport, R.I.; Honolulu; etc. 73. Twice divorced, no children. Father James Buchanan (Buck) Duke founded American Tobacco Co. from leaf overlooked by Yankees at North Carolina farm after Civil War; also Duke Power Co. Endowed Duke University. Doris was left $70 million (inflation-adjusted, over $500 million) 1925. "The richest girl in the world," dogged by society, gossip reporters. Intelligent, well rounded; able pianist and cook, "scholarly" knowledge of Oriental art, primarily responsible for Newport restoration. Visible in N.Y., Newport society, otherwise low profile. Fortune should certainly exceed $300 million.

Lawrence Arthur Wien

Real estate, law. NYC. 81. Widowed, 2 children. Son of wealthy silk manufacturer, founded law firm 1929. With partners put up $8,000 for Harlem apartment house 1931. Pioneered real estate syndication with Harry Helmsley *(which see)*: "the Rogers and Hammerstein of syndication." Wien-assembled groups control $2 billion property, mostly in NYC, incl. Empire State Building. Wien has small equity in each, collects huge fees and commissions; some syndicates have recently sued Wien, lost: "I'm a lawyer, not a real estate man." Also buys and sells property on own account. Philanthropic. Estimated by peers over $300 million.

Neil Gary Bluhm

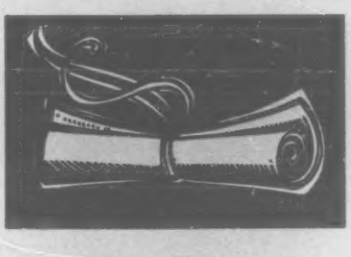
Judd David Malkin

Real estate. Chicago. Childhood friends in Chicago working-class neighborhood, college roommates U. of Illinois. Bluhm quit job as lawyer, Malkin as CPA, formed JMB Realty Corp. 1969. "We started with three guys and a secretary." Third partner bought out, JMB now

among largest tax-shelter real estate syndicators (assets over $9 billion). Both live Winnetka, Ill., 48, married, 3 children each. Malkin chairman, financial planner; Bluhm, president. Each has one-third stake (rest split among several partners). Also bought, sold 12% Viacom stock. With other real estate, net worth exceeds $300 million each.

Alfred Mack Pogue

Real estate. Dallas. 52. Married, 3 children. Former high school football coach; became real estate broker, tapped by Trammell Crow *(which see)* to build garden apts. 1965: "I was trained by the master." Bought Crow's interest for $150 million 1977. Mid-1970s real estate crunch spurred "Pogue's chicken formula": use other people's money, but give up some equity. His Lincoln Property Co. dove into office parks, towers, warehouses, hotels, etc.; with $4.7 billion nationwide portfolio, 3rd-largest diversified developer U.S. Pogue worth more than $300 million. "I get up in the morning and look forward to a day of making real estate deals. I don't want to be slowed down."



An estimated 10 members of The Forbes Four Hundred did not finish high school. 33 finished high school only. 283 attended college, 266 graduated. Postgraduate degrees: M.B.A. 36; Law 14; Medicine 3; Other 18.

Richard Louis Duchossois

Manufacturing, media. Barrington, Ill. 65. Widowed; 2 sons, 2 daughters. Joined father-in-law's small (1946 sales, $330,000) Thrall railroad manufacturing company after World War II Army service. As railroads declined, expanded into ordnance work, other manufacturing under Duchossois Enterprises umbrella; sales are now over $550 million. Also, media (4 radio stations, 1 TV), horses. Operates posh Hill 'N Dale horse breeding farm Barrington, Ill. Both sons are active in business. Private, not forthcoming: "Your guess is as good as mine." But he is worth an estimated $300 million.

Harold Clark Simmons

Investments. North Dallas and Montecito, Calif. 55. Divorced twice, remarried; 4 daughters. Texas-born son of schoolteachers. After school, government investigator, then loan officer; quit at age 29: "We disagreed on who was smarter." Began building neighborhood drugstore chain 1961; sold all 100 to Jack Eckerd Corp. 1973 for $50 million stock: "The hardest work I have ever done." Ever since, the "Texas Gunslinger" invests in undervalued companies: Reaped $89 million on Sea Land bid, $125 million from GAF. Acquired 51% control NL Industries 1986. Recently went over 5% in Louisiana Land. With real estate, weblike Contran Corp., worth over $300 million.

Henry John Heinz III

H.J. Heinz Co. 47. Washington, D.C. Married, 3 children. Grandfather H.J. Heinz bottled, sold horseradish in Sharpsburg, Pa. With partner, created Heinz & Noble 1869, added pickles and vinegar. Went under: "Bought a cheap $16 horse. . . . He is blind." Re-emerged 1888 as H.J. Heinz Co. to become international food giant. H.J. II considered self more benefactor of fine arts than businessman. First Heinz to recruit outsider as company head 1966. H.J. III Republican senator from Pa., voted best overall congressional athlete. Stock, proceeds from sales worth over $300 million (also, father has shares worth over $150 million). Estate of forebears worth far more in charitable trust.

Louis Larrick Ward

Russell Stover Candies, Inc. Kansas City, Mo. 66. Married; 2 sons, 1 daughter. Navy WWII, then 2-year stint on Wall Street. Bought K.C. paper box company 1950. Major customers: Hallmark Cards, Stover Candies. Intrigued by Russell and Clara Stover's homemade confections, paid $7 million for company in 1960, went public. Built into number one producer of fine chocolates: high-quality ingredients, creative packaging, wide distribution (over 17,000 agency accounts). Little advertising, demand steady. Took private 1981; believed worth $270 million. Civic-minded, low profile; also Montana cattle ranch, other investments. Net worth at least $300 million.

Allen Eugene Paulson

Gulfstream Aerospace Corp. Savannah, Ga. 64. Twice divorced; 3 sons, one stepson. On own since 13. College dropout, TWA mechanic at 19 for 30¢/hour. Developed improved oil valve, started own business, 1951. Bought Gulfstream Aerospace 1978 for $52 million, sold to Chrysler Corp. 1985, $640 million. Remains chairman, director, still test pilots new aircraft. "Show me a person who isn't taking risks. I'll show you a person who isn't running a business." Part of sale proceeds paid $150 million debt taken on in acquisition of troubled Pittsburgh Wheeling Corp. Collects horses (over 300), houses (9). His real estate, other assets believed to be worth over $300 million.

William Alvin Moncrief Jr.

Oil. Fort Worth. 66. Married, 4 sons. Only son of legendary W.A. "Monty" Moncrief, World War I fighter who left Conoco forerunner 1927 to dig dry holes for 4 years. Hit northernmost extension vast east Texas field 1931. Monty's investors in 1940s and 1950s included golf buddies Bing Crosby, Bob Hope. Active until death in 1986, at age 90. W.A. Jr. ("Tex") in business

The Forbes Four Hundred

20 members of The Forbes Four Hundred own 30% or more of one professional football, baseball or basketball team.

since 1945. Oil and gas reserves in Tex., La., N.M., Wyo., Fla., Canada; actively bidding for more in teeth of energy slump. Mother Elizabeth, 88, inherited, but Tex controls reserves and other assets worth more than $300 million. "I wouldn't even think of selling at these prices. There's no doubt that price is gonna ease back up."

Leonard Maximilian Marx

Real estate. Scarsdale, N.Y. 82. Married, 3 children. Graduated Yale 1925, became broker in chain-store properties, then shopping centers. Now owns "several hundred" malls, mostly strips, nationwide; also some valuable downtown real estate various cities. Managing, expanding centers, incl. large Cross County Mall in Yonkers, N.Y. Wheeler-dealer: "We're allergic to vacancies. They give me goose pimples." Leonard Jr. in the business. Self-effacing on success: "Are you talking about my bridge game or my business?" He denies, but peers say net worth above $300 million. Won't retire: "I'm working twice as hard as ever, which at my age is ridiculous."

Jack Parker

Real estate. NYC, Boca Raton, Fla. 71. Married, 2 children. Son of blouse manufacturer; started as lumber salesman. Own company 1946; sold 1954, retired: "I couldn't stand staying still." Three weeks later started construction company; suburban homes 1950s, then big risk: 1,352-unit Parker Towers, Queens' first luxury high-rise. Expanded to Manhattan, N.J., Fla. 1960s. Parker-Meridien Hotel NYC. Still building NYC suburbs with profits from co-oping most of 2,000 Manhattan apts. Twice local seniors golf champ. Worth over $300 million, all in heirs' names. "You bet your money on the future and hope your vision of it is correct. That's the crapshoot."

John William Berry

Yellow Pages. Dayton. 63. Twice divorced, 5 sons. Son of Loren M. Berry, poor Indiana boy who briefly sold ad space for railroad schedules, went to Dayton 1910 with $200. "Mr. Yellow Pages" persuaded phone companies to let him sell directory ads, often took payment in telephone stock. Died 1980 age 91, a Dayton legend. L.M. Berry & Co. country's second-largest Yellow Pages ad sales agent [1984 sales: $750 million]. Launched the Electronic Mall videotex service 1985 with Compu-Serve. Sold L.M. Berry & Co. early 1986; price not disclosed, but John thought to have received more than $300 million. Private, big Republican booster.

Leonard Samuel Shoen

U-Haul. Las Vegas. 70. Widowed, thrice divorced, remarried; 7 sons, 5 daughters. Worked as barber to pay for Oregon med school, expelled senior year for covering for lab partner 1944. In Navy WWII dreamed up move-it-yourself business while recuperating from rheumatic fever. Bought a few "junker" trailers with $3,000 savings, rented for $2/day. Taught self welding, engineering, accounting, earned law degree to help business. "If you want to employ others and get the job done right, you should first learn to do it yourself." Today U-Haul largest trailer rental business, sales $900 million. Shoen controls 94% of parent Amerco, worth at least $300 million.

Sydney Mark Taper

First Charter Financial Corp. Los Angeles. 84. Widowed, 3 children. Warsaw native, educated England. Born salesman, peddled candy to classmates, real estate to British during Depression. Real estate developer at 27, retired 10 years later. Brought successful formula to U.S. ahead of WWII. Built and financed GI housing. Founded First Charter Corp. 1955, took public 1959. Workaholic, tightfisted ("In England we despised waste"), so revolving-door management. Made First Charter third-largest S&L in U.S. Merged with Financial Corp. of America 1983. Taper's controlling interest brought over $285 million. With other assets net worth estimated above $300 million.

George Phydias Mitchell

Oil, real estate. Houston. 67. Married, 10 children. Greek immigrant father, former goatherd, shined shoes; George worked way through school selling stationery. After WWII, "I did the engineering and geology, and [brother] Johnny would go down and sell the [oil] deals at the Esperson Drugstore in downtown Houston." Channeled profits into government-backed, 25,000-acre planned community, The Woodlands, near Houston. Civic leader: backing Houston Area Research Center; aiming for "critical mass brainpower." Also revitalizing hometown Galveston's historic buildings. His 62% Mitchell Energy & Development worth over $300 million.

Betsey Cushing Roosevelt Whitney

Inheritance. Manhasset, N.Y. 78. Divorced, widowed; 2 children by first husband, James Roosevelt. Favorite daughter-in-law of FDR, frequent White House hostess. Second

marriage to John Hay (Jock) Whitney (d. 1982) did nothing to diminish her social status. Jock scion illustrious family, heir large 19th-century fortune (oil, tobacco, land, railways), last publisher *New York Herald Tribune*, onetime ambassador to Britain. Much of their major art collection given Nat'l Gallery, Museum Modern Art NYC. Donated $8 million to Yale 1985 to honor Jock and her father, famed brain surgeon Harvey Cushing. Real estate, art, media, securities believed worth over $300 million.

Dorothy Stimson Bullitt

Broadcasting. Seattle. 94. Widowed; 2 daughters, 1 son. Daughter of Seattle lumberman C.D. Stimson, pioneered Northwest, amassed real estate early 1900s (d. 1929). Husband A. Scott Bullitt, key state Democratic leader, died 1932; Dorothy took over business, managed properties. Bored 1947, bought Seattle radio station, Northwest's first TV station 1948: "The station came before the sets." King Broadcasting now 5 TV stations, 6 radio, more than 50,000 cable subscribers. Son Stimson left for real estate interests 1973; daughters help run King. Dorothy still active, in on key decisions. Strong-willed, zest for life: rafted Colorado rapids at age 85. Controls company worth $300 million.

John Cornelius Dempsey

Bulk containers. Delaware, Ohio. 72. Divorced, 6 children. Ohio-born, accountant 1946. Family owned minor block Greif Brothers Corp., cooperage founded 1877. Tracked down, bought out shareholders at $35 average, took over as CEO 1947. Stock since split 160-for-1, equivalent value now over $3,200 per share. Containers about 90% of $326 million sales (1986). Lives modestly on company-owned farm. Old-fashioned, conservative, devout: painting of Christ on annual reports. Low turnover, many lifetime execs: "I can't remember ever firing anyone." Given firm's break-up value, controls fortune worth at least $300 million.

Richard Wesley Snyder

SnyderGeneral Corp. Dallas. 48. Married, 3 children. Singer Co. executive made use of management experience, market conditions to realize businessman's fantasy: bought out the division he ran for others and made it thrive on his own. Climate control unit purchased for $27.5 million (all but $300,000 borrowed) 1982; independent appraiser then valued company's assets at $83 million. Much of original debt paid; 4 subsequent acquisitions. SnyderGeneral rode building boom to sales of $520 million 1985. Had negotiated for other takeovers before: "Fortunately, they didn't work out." Net worth may exceed $300 million.

The average age of The Forbes Four Hundred is 62.3.

Russell Berrie

Russ Berrie & Co. Englewood, N.J. 52. Divorced, remarried; 5 children. Began as gift sales representative in late 1950s, then started own impulse-items marketing venture out of Palisades Park, N.J. garage 1963. Now markets 4,500 products (stuffed animals, message candles, greeting cards, wall plaques et al.) through gift stores, airports, retail chains, florist shops, etc. Most products retail for between $4 and $10. After disastrous manufacturing attempt in 1970s, most items manufactured in Far East. "Learn what our customers want, make the product and sell it." Firm went public 1984, Berrie controls over 60%. Stock holdings, other assets worth over $290 million.

William Cahurn Cox Jr.

Jane Cox MacElree

Brother and sister. Inheritance. Great-grandfather Clarence Barron (d. 1928) bought *Wall Street Journal*, Dow ticker 1902, basis of Dow Jones media/publishing fortune. Children of Barron's granddaughter Jesse Cox (d. 1982). Bill: 55. London, Nantucket. Married, 4 children. Serves on Dow Jones board, executive director of European operations. Jane: 57. Newtown Square, Pa. Divorced, remarried; 7 children. Active in Philadelphia charities. These two share interlocking trusts of Dow Jones stock worth $560 million. *(See also Jane Bancroft Cooke, Bancroft Family.)*

Leon Hess

Amerada Hess Corp. NYC and Deal, N.J. 71. Married, 3 children. Father, Moses Hess, came to U.S. from Lithuania 1904. Started fuel delivery service 1925. Filed for bankruptcy 1933, reorganized same year with Leon. Went public 1962 in merger with Cletrac Corp., became Hess Oil & Co., then merged with Amerada 1969. Undercut other offshore competition with advantageous St. Croix refinery (shorter shipping distances and inexpensive foreign-flag tankers). Hess CEO and chairman, controls 15% of common. Son, John, senior exec. v.p. Hess also owns 100% of New York Jets. Total assets worth at least $280 million.

Robert H. Dedman

Country clubs. 60. Dallas. Married; 1 son, 1 daughter. Poor boy from Rison, Ark. earned business, engineering, 2 law degrees after Navy. Oil and gas attorney for H.L. Hunt *(see Hunts)*. Opened Brookhaven Country Club, Dallas, as sideline,

The Forbes Four Hundred

The richest continuing bridge game is played at the Regency Whist Club by Milton Petrie ($700 million), A. Alfred Taubman ($800 million), Maurice Greenberg ($220 million) and Lawrence Tisch ($950 million), with Jack Dreyfus of Dreyfus Corp. sometimes sitting in. Stakes are 50 cents a point.

1957. Multiplied clubs. Built homes around golf courses; added city clubs 1965. Club Corp. of America now almost 200 clubs nationwide, some very exclusive. Low profile in deference to "good taste"; big-league philanthropist for various causes: $25 million to SMU 1981. "You can't take it with you." On business: "There is a thrill in winning." With 90% Club Corp., net worth over $280 million.

Robert Edward (Ted) Turner III

Turner Broadcasting System. Roswell, Ga. 47. Divorced, remarried; 5 children. Caught with girl in room, booted from Brown U.; joined Coast Guard. "I who would one day affect the destiny of the nation was cleaning crap." Rescued late father's bankrupt billboard firm. Built failing Atlanta TV station into first cable superstation (WTBS) 1976, to provide free air time for his Atlanta baseball Braves, basketball Hawks. Daredevil yachtsman: won America's Cup 1977. Pioneered CNN 1980. Went after CBS 1985, failed, bought MGM from Kirk Kerkorian instead. "The game I'm in is building assets." Egocentric, quick-tempered. His 81% TBS worth more than $280 million.

Howard Kaskel

Real estate. NYC. 49. Married, 6 children. Father Alfred (d. 1968) built up Doral Hotel chain: 3 NYC hotels with over 800 rooms, 650-room hotel/country club Miami. Also, his Carol Management Co. has large Park Ave. office tower, considerable apartment interests Conn., Chicago, NYC's outer boroughs. Howard, with family, has managed well. Self-effacing: "You can be obnoxious if you made it yourself. But I have to remember where the wealth came from." Horse-breeding farm near Pawling, N.Y. Worth exceeds $275 million.

Howard Brighton Keck

William Myron Keck II

Superior Oil Co. Descendants of William M. Keck Sr., who moved to Texas 1901 for great Spindletop strike; became legendary wildcatter: Said to taste-test drilling-core samples; founded Superior Oil Co. 1921. Pioneered drilling offshore La., Venezuela; became leading independent with largest reserves. Sons William Jr. (d. 1982), Howard grew up rivals. Father chose Howard successor after failed attempt to sell company 1959. Howard: Los Angeles. 73. Married, 4 children. After father's death 1964, CEO to 1981. Diversified into mining, farming, timber. Company languished; turned back to oil 1976. Forced off board during family feud 1983, spurred by sister Willametta Keck Day (d. 1985). Nephew William II: Los Angeles. 44. Divorced, 3 sons. Son of deceased William Jr. As co-executor of father's will, sided with aunt on sale of company. Superior finally bought by Mobil 1984 for $5.7 billion. Howard's share worth over $275 million; William's worth over $190 million. Keck Foundation got over $500 million. Howard Sr. recently petitioned courts to give access to $200 million trust money; son, Howard Jr., opposing the motion.

Donald John Tyson

Randal William Tyson

Brothers. Tyson Feed & Hatchery founded 1947, but roots go deeper: "We're fifth-generation farmers." Name changed to Tyson Foods, Inc., went public 1963. Don took over when parents killed in auto crash 1966. Aggressive acquisition, innovation took co. past $1 billion sales 1985; recent purchases make it nation's leading (2 billion lb./year) chicken outfit. Supplies most major fast-food chains, but won't specify which: "It's like dating all the high school cheerleaders at once. I believe in coexistence." All execs must wear khaki farm clothes: "If we all wore suits, we'd sit here in the office, and we don't make money here. We make it out in the field." Don: Springdale, Ark. 56. Married, 3 children. Chairman, CEO. Lives six blocks from old grade school: "I'm a kind of hometown guy." Randal: Fayetteville, Ark. 35. Married, childless. VP in charge new products. Don votes all shares, but both benefit from trust with stock worth over $550 million.

Kenneth Harry Olsen

Digital Equipment Corp. Lincoln, Mass. 60. Married, 1 daughter, 2 sons. MIT grad, designed circuits at its Lincoln Labs. With $70,000, business knowledge gleaned from books in public library, started minicomputer industry in old textile mill, 1957. Profits slumped 1984, founder labeled has-been. Bounced back with systems technology 1985, sales over $6 billion. DEC now number 2 behind IBM in computer industry. Avid pilot and canoeist, described as autocratic manager, set up first succession plan this year, but evades question of retirement. "I expect to be around forever." His 2.9 million shares DEC stock alone worth nearly $275 million.

Stanley Irving Stahl

Real estate. NYC. 62. Divorced, remarried; 1 son, 2 stepchildren. Started as broker 1947, bought first Manhattan apartment building with 1 year's saved commissions. Risked almost all in 1962 to build 1.5 million sq. ft. at 277 Park Ave.; now Chemical Bank building, many leases into next century. Owns 2,800 Manhattan apartments, not co-oping in immediate future: "I guess I'm lazy." Still active buying buildings, with partners. Won 1977 court ruling denying apartment lease to "intelligent persons" who know law and might cause trouble. Doesn't make the papers much because "I try not to." Net worth over $275 million.

Richard Alan Smith

General Cinema Corp. Chestnut Hill, Mass. 62. Married, 3 children. Father Philip founded company in 1922, opened first drive-in theater, 1935. Adapted talkies, multiscreen theaters; permanently banned X-rated films. Went public 1959, expanded to include bowling alleys. Son Richard dropped alleys without apology: "We misjudged our market." Pumped money into Pepsi bottlers instead. Now largest franchise, bottling revenues over 50% of company income. Largest cinema chain in U.S. with over 1,100 theaters. Chairman thrifty manager, press-shy. Controls stock worth more than $275 million.

Paul Fireman

Reebok. Newton, Mass. 42. Married, 3 children. Sporting goods distributor looking for better idea, found it 1979: British track shoes at trade show—brand worn by 1924 Olympians portrayed in film *Chariots of Fire*. Convinced company to set up Reebok U.S.A. to distribute. Bought out parent within five years. Fireman's idea: athletic shoes specifically for aerobic exercise. Soft leather, hot colors became fad. Taken public summer 1985 at $17, went above $105. At recent $20 (after 3-to-1 split), with wife net worth over $270 million. Acquired Rockport Co., maker walking shoes, for $120 million, fall 1986. With moves into clothing, etc., staying power and management are question marks.

Alexis Felix du Pont Jr.

Alice Francis du Pont Mills

Helena Allaire Crozer du Pont

Brother, sister, sister-in-law. Children, daughter-in-law of A. Felix du Pont, distant cousin Pierre, sided with him in family split 1915 *(see other du Ponts, family)*, rewarded with stake in family holding company Christiana Securities. A. Felix Jr.: Wilmington, Del. 80. Divorced, remarried; 3 children by first wife, 1 by second. Alice (Mrs. James Paul Mills): Middleburg, Va. 73. Married, 3 children. Brother, sister believed worth about $260 million each. H. Allaire: Chesapeake City, Md. 73. Widowed, 2 children. Husband Richard Chichester du Pont noted pilot killed in WWII glider crash. Successful horse breeder, owned Kelso. Among first women admitted to Jockey Club, 1983. With children shares husband's inheritance, also believed about $260 million.

Leon Levine

Family Dollar Stores. Charlotte, N.C. 49. Married, 4 children. After father died, helped mother run small family department store N.C. Opened own store 1959 with $6,000 personal investment. Went public 1970. Now over 1,000 stores in 23 states: self-service, low-cost, all-cash operation in working-class rural communities. Price ceiling on merchandise: $17.99. "We run a tight ship and keep the business simple." Company had 44 straight quarters of record sales and earnings. Reviews store inventories several times each year, lie-detector spot checks of employees. Leon's cousin Lewis is president; son Howard is heir apparent. Levine's stock, other assets valued at about $260 million.

Daniel Crow Searle

William Louis Searle

Suzanne Searle Dixon

Brothers and sister. Inheritance. Great-grandchildren of Gideon Searle, who emerged from Civil War to buy Indiana drugstore, found one of nation's first drugstore chains. Began making drugs; founded G.D. Searle & Co. 1888. Grandson John led company to remarkable profitability 1936-66: Introduced Dramamine; first oral contraceptive 1960; others. John doubted sons' business ability, attempted mergers to acquire managerial talent; all failed. So, to some degree, did sons. Daniel: Winnetka, Ill. 60. Married; 2 sons, 1 daughter. CEO 1966-77. Disastrous record of acquisitions led to Wall St. joke: to make money, package anything, "offer to Searle at 20 times earnings." Image tarnished by FDA probe. Best move: hired former Defense Secretary Donald Rumsfeld to pick up pieces (now chairman). That and accidental discovery aspartame as sweetener saved company. Sold out to Monsanto 1985. Daniel now "semiretired" to investments, philanthropy, golf. William: Lake Forest, Ill. 58. Married, 3 children. Former vice chairman Searle, active with brother in investments through family office. Suzanne: Lake Forest. 55. Married, 3 children. Husband Wesley M. Dixon former vice chmn. Siblings share in trusts, proceeds sale, other assets worth at least $780 million.

Harold Brown

Real estate. Boston. 61. Divorced, 1 child. Streetwise son of poor Russian immigrants. MIT-trained metallurgist; owned small chain doughnut bakeries. Started buying buildings. Now Boston area's biggest landlord: about 8,000 apts. (at peak, 1 of every 15 in town), 5.5 million sq. ft. office space (over one-tenth of Boston inventory); market value well over $1 billion. Once said "I'm a pussycat," but sued by Justice Dept. for racial discrimination (consent decree 1982). Pleaded guilty 1986 to paying $1,000 bribe for building permit. Shifting focus to commercial: "Residential is more gratifying but more headaches." Net worth must exceed $250 million.

Peter Sharp

Real estate. NYC. 56. Widowed, 3 children. Father was major hotelier NYC 1920s (Delmonico, Ritz, etc.); died 1941. Mother Evelyn took over, expanded (incl. Beverly Wilshire); sold everything 1960s, now collects art. Peter, after Princeton, went into real estate 1957. Owns prime Manhattan properties.

The Forbes Four Hundred

Crown jewel is famed Carlyle Hotel, "Peter's place," though he claims: "If this were my only business, I could eat and get my clothes cleaned, but that's about it." With Odyssey Partners Leon Levy and Jack Nash, helped launch Avatar Holdings (Florida real estate) out of bankrupt GAC Corp.; also other profitable stock deals. Net worth exceeds $250 million.

Arthur Charles Nielsen Jr.

A.C. Nielsen Jr. Winnetka, Ill. 67. Married; 2 sons, 1 daughter. Arthur Sr. (d. 1980) founded market survey firm 1923. In 1930s learned consumers claimed to buy prestige Lux, actually bought economical Lifebuoy; decided to measure sales, not words. Pioneered electronic meters to measure radio, television audiences 1940s. "For years my father tried to tell people that his work was worth something. He couldn't get any takers." Now dominant researcher TV ratings, grocery sales. Arthur Jr. expanded company, retired 1984, still consultant. Company sold to Dun & Bradstreet 1984. Workaholic, tennis nut. Family's D&B shares worth over $250 million.

The average number of children among members of The Forbes Four Hundred is 3.03.

Paul Kalmanovitz

Beer, real estate. Tiburon, Calif. 80. Married, childless. Uneducated Polish merchant seaman, arrived U.S. age 20. Washed cars, learned English; managed, then bought into nightclubs, apt. houses. Took over LA brewery in 1950 real estate swap. Acquired Falstaff for $10 million 1975; Pabst, $63 million, 1985 (third attempt); many low-price regional breweries—e.g., General Brewing (generic beer), Pearl, Lucky Lager, Narragansett. "Mr. Paul" publicity-shy; reputation for liquidating old breweries, bare-bones management. Shrewd, litigious, manipulative. Despite flat beer industry, with land, etc., net worth exceeds $250 million. "A sale without profit is a sale without honor."

Melvin Simon

Shopping centers. Indianapolis. 59. Divorced, remarried; 5 children. Born Brooklyn to garment district tailor. Sold encyclopedias during Korean War service; then leasing agent for shopping centers at $100/week against commission. Began building shopping centers 1959—over 135 in 23 states. Today Melvin Simon & Assoc. one of country's largest: over 50 million sq. ft. Developing N.J.'s Newport City with Sam LeFrak *(which see)*; renewal project near NYC. Recently sought to buy Gimbels. Keeps out of limelight. Two-thirds stake basketball Pacers (brother Herb owns rest), other interests, make est. worth at least $250 million.

Malcolm Austin Borg

Publishing, TV broadcasting, inheritance. Englewood and Springlake, N.J. 48. Married, 3 children. Grandfather John, wealthy Wall St. stockbroker, bought into *Bergen* (N.J.) *Record*; wholly owned by family since 1930. Father Donald took from small county daily to formidable suburban newspaper. Malcolm took over 1971. Brother Gregory sold out 1982. One of country's most profitable dailies; largest N.J. evening circulation. Also owns 4 TV stations. All nonunion. Civic-minded. Through family trusts, etc. controls fortune worth at least $250 million. "I've never learned anything in my life by somebody telling me I did it right."

Miles Collier

Inheritance, investments. Naples, Fla. 39. Single. Grandfather Barron Gift Collier pioneered streetcar advertising, used $5 million annual income to buy southwest Florida land. By 1930, 1 million acres, renamed Collier County. Family split empire by coin toss 1980. Miles controls half (7 relatives, other half): 170,000-plus acres, oil and mineral rights to 400,000 acres; venture capital (via GeoCapital arm); 50% *Naples Daily News*, etc. Leases, develops commercial properties in Tampa, Naples. Made news rescuing colony of endangered gopher tortoises. Controls fortune worth estimated $250 million. "I work for esthetic reasons more than for anything else."

Dorrance Hill Hamilton
Hope Hill van Beuren
Tristam C. Colket Jr.
Charlotte Colket Weber
George Strawbridge Jr.
Diana Strawbridge Norris

Siblings, cousins. Inheritance. Grandfather John Dorrance Sr. invented condensed soup in a can, left Campbell Soup Co., other investments 1930 worth $129 million, at time third-largest U.S. estate. One-third to John Jr. *(which see)*; one-sixth to each of 4 daughters, now deceased. Dorrance: Stratford, Pa. 58. Married, 3 children. Runs home-furnishing store, active in fundraising. Still company director. Stockbroker husband Samuel, 62, diversifies investments. Dorrance's sister Hope: Middletown, R.I. 52. Married, 3 children. Formerly operated women's boutique; husband John, venture capitalist. Both retained most of their shares. Dorrance's visible stock worth $250 million; Hope's, $220 million. Cousin Tristam: Paoli, Pa. 48. Married, 3 children. "Tris" chairs Cressona Aluminum, also venture capital. His sister Charlotte: Ocala, Fla.

and NYC. 45. Married, 4 children. Metropolitan Museum of Art board member, also breeds Thoroughbreds. Husband John biology professor at Cornell. Siblings' worth estimated at least $185 million each. Cousin George: West Chester, Pa. 47. Married, 3 sons. Interest in Delaware Trust Co., owned Tampa Bay (soccer) Rowdies 1975-83. Active on steeplechase circuit, irregularly teaches Latin American history at Widener Univ. His sister Diana: Palm Beach. 45. Divorced, remarried; 2 sons, 1 daughter. Horticulturist, philanthropist; husband nonpracticing lawyer. George has sold some shares. With stock, other assets, Diana worth at least $220 million, George over $185 million.

Vivian Leatherberry Smith

Inheritance. Houston. 78. Widowed, 2 daughters. Husband R.E. (Bob) Smith started in oil, used profits to buy land in and around Houston starting 1950s: "I have a thorough belief in inflation." At one point owned 17 square miles inside city limits, was county's largest landholder. Much land near Galleria. Also Texas, Oklahoma ranches. Bob helped bring major-league baseball to Houston; owned land under Astrodome. Said to be worth $500 million at death 1973. Vivian a director Texas Medical Center; owns 12% Astros; also oil, ranching, banks, shopping centers. Her trusts, etc. believed to exceed $250 million.

Thomas S. Monaghan

Pizza. Ann Arbor, Mich. 49. Married, 4 daughters. Fatherless at age 4. Self-sufficient age 14, but mischievous: thrown out of seminary school, nearly flunked out of high school. Read self-help books in Marines. With brother, borrowed $900 for small pizzeria 1960. Swapped VW for brother's share 1961, became delivery-only Domino's Pizza. Now 2nd-largest chain (after Pizza Hut): over 3,300 outlets, most franchised; 50 states, Japan, U.K., W. Germany. Jogger, vast self-help library, architectural admirer: corporate headquarters à la Frank Lloyd Wright. With Detroit (baseball) Tigers, 95% Domino's, should exceed $250 million. "I'm a pizza man. I'm proud of that."

Oakleigh Blakeman Thorne

Commerce Clearing House. Millbrook, N.Y. 54. Divorced, remarried; 3 sons, 1 daughter. Prudent great-grandfather bought company 1907, 6 years before income tax enacted. CCH publishes updatable loose-leaf clarifications of tax code, court decisions, etc. Primary subscriber: IRS. 1986 revenues $414 million. Company prospers in Chicago; Oakleigh detached from management. Homebody; raises racehorses: "They all run too slow." Now experimenting with orchid growing. Son Columbia M.B.A., aspiring to CEO. Oakleigh: "That's an ambitious target for now." With immediate family's 46% of CCH, net worth exceeds $250 million.

Joseph A. Albertson

Albertson's Inc. Boise, Idaho. 80. Married, 1 daughter. Safeway store manager; quit to open Boise grocery 1939 with $5,000 life savings, $7,500 loan. Co-pioneered drug-grocery store combination with L.S. Skaggs *(which see)*. Now in 18 states. Seventh-largest U.S. supermarket chain (1985 revenues $4.7 billion): "Work like hell and give the customers what they want." Emphasis on large stores and "Better Care." Albertson: "We have to watch that we don't try to sell our customers what we think they should have instead of what they really want." Although stake in Albertson's Inc. now under 19%, worth increased to over $250 million. "No plans to retire."

Ben Hill Griffin Jr.

Citrus grower. Avon Park, Fla. 75. Divorced, remarried; 5 children, 1 stepchild. Born in hurricane 1910; drove mules in father's small orange groves at 8. Start was 1933 wedding gift: 10-acre grove. Sold fertilizer; added land, slowly at first. Now over 10,000 acres citrus; fertilizer; car dealership *(see also Emmet Evans, John Berry)*. Chairman, 52% owner Alico Inc. Five terms state legislature, lost 1974 governor's race. Sold citrus packing plants to Procter & Gamble 1981 (Citrus Hill juice). "I don't chop wood anymore, but I work 84 hours a week." Namesake son president of Ben Hill Griffin Inc. Also 70,000 acres ranchland, timber, cattle; net worth exceeds $250 million.

Robert Staples Howard

Publishing. Rancho Santa Fe, Calif. 61. Married, 4 children. Started at hometown (Minn.) weekly: "I swept the floors, melted lead, sold ads, wrote stories . . . you name it." Jumped from paper to paper, state to state, after WWII service. Set up Howard Communications 1961. First paper: *Casper* (Wyo.) *Star-Tribune*. Now 19 daily newspapers (over 400,000 circ.), 1 TV station. Late shift into cable: started Los Angeles-area cable TV company in partnership with Donald Reynolds *(which see)*, now about 110,000 subscribers. Also small oil and gas exploration company. Net worth should exceed $250 million.

168 members of The Forbes Four Hundred control fortunes that were mostly or entirely inherited.

Mortimer Benjamin Zuckerman

Real estate. NYC, Washington, D.C. 49. Single. Raised Montreal; son of tobacco, candy merchant. Got M.B.A., 2 law degrees. Made first $5 million at Cabot, Cabot & Forbes by 29. Formed Boston Properties 1970; early projects sparked political battles. Now controls 9

million sq. ft.: office space, industrial parks, hotels; still building. Half-equity new buildings (partner Ed Linde has rest), larger interest in old. Adding some 2 million sq. ft., incl. long-empty 1-million-sq.-ft. tower midtown Manhattan (now half rented). Huge joint venture NYC planned with Salomon Bros. Also publishing: bought ailing *Atlantic* 1980; paid $163 million for *U.S. News & World Report* 1984. Worth maybe $250 million.

Sheldon Henry Solow

Real estate. NYC. Early 50s. Married, 1 child. Went out on a limb to build 1.5-million-sq.-ft. Manhattan skyscraper 9 West 57th Street (familiar from movies: sloping glass sides with big red "9" in front). Fully rented just before 1970s real estate crash; now highly profitable. Observer: "A contentious, litigious man." Also Manhattan residential properties. Built uniform row of new East Side townhouses, a 19th-century throwback, priced up to $5 million each; sales have been slow, so converting to rentals. Now putting up 49-story apartment house on East River and 72nd Street; many hassles with city agencies to increase size, but "if the building gets built, it's worth it." Press-shy. Minimum net worth $250 million.

Lamar Hunt

Inheritance, oil, sports. Dallas. 54. Divorced, remarried; 4 children. Youngest of H.L. Hunt's "first family" *(see other Hunts, Hill, Schoellkopf)*. Although "somewhat wary" of brothers, shares in trusts whose crown jewel, Placid Oil, filed Chapter 11 in August. Lamar mainly into pro sports: cofounded American Football League age 26; owns Kansas City (football) Chiefs (has 4-bdrm. apt. in KC stadium); other teams. Also KC amusement park (Worlds of Fun); mining, paving and below-ground storage interests; real estate. Economy-class millionaire: "I happen to believe one suit is enough for any man. Besides, it fits pretty good." May still be worth $250 million.

Roy Michael Huffington

Oil. Houston. 68. Married, 2 children. Father killed by poison dart while exploring for oil in South American jungle. Roy, Harvard Ph.D. in geology, explored for Humble Oil (now part of Exxon) until went on own 1956. Heard Indonesian area geologically resembled Louisiana Basin; made stupendous gas and oil find 1968. Sells much to Japanese utilities. Many partners, but kept 16.67% stake. Now much exploration in Turkey, no strikes; drilling Gulf of Mexico area: "It's a little easier to work in your own backyard." Despite oil slide, worth more than $250 million. Not slowing down: "No point in trying to pocket a few dollars and say I'm retired."

Robert Ruliph Carpenter Jr.
William Kemble Carpenter
Irene Carpenter Draper

Brothers and sister. Inheritance. Surviving children of Margaretta L. du Pont, sister of Pierre S. *(see various du Ponts, family)*. Their father, Ruly Carpenter Sr., included in formation Christiana Securities. Robert (Bobby): Montchanin, Del. 71. Married, 3 children. Director Christiana until sale to Du Pont 1977. Owned baseball Phillies, sold 1981 by son Robert Ruliph III for $30 million. William: Boca Raton, Fla. 67. Twice divorced; 1 daughter, 1 adopted stepson. Noted deep-sea fisherman in his day. Irene (Mrs. James A. Draper III): Montchanin, Del. 75. Twice divorced, remarried; 5 daughters by first marriage. At one time cut hair for friends and relatives in game-room barber's chair. Total fortune of three should exceed $720 million.

Stewart Bainum Jr.

Manor Care, Inc. Silver Spring, Md. 67. Married, 4 children. Dropped out of college as a freshman and opened plumbing contracting firm; invested profits in real estate. Opened first nursing home with brother 1960, expanded through building, acquisitions. Founded Quality Inns motel chain 1966; merged own companies 1980. Manor Care, Inc. composed of nursing homes (aimed at affluent elderly), alcohol rehabilitation centers, hotels and inns. Son Stewart Jr. fiscal-minded Democrat, former state senator, vice chairman. Sr. still chairman. "This company isn't a democracy and I don't want it to be." Bainum's stock holdings, real estate, worth $240 million.

Alice Sheets Marriott
John Willard Marriott Jr.
Richard Edwin Marriott

Marriott Corp. Washington D.C. Heirs of J. Willard Marriott Sr. (d. 1985), son of sheep and cattle rancher; born in Marriott, Utah, family among early Mormon pioneers Salt Lake City. Sold woolen underwear to get through U. of Utah. Married 1927, started A&W root beer franchise in DC called Hot Shoppe. Expanded into chain (went public 1952); opened first hotel 1957. Rapid expansion/diversification (Sun Line cruise ships, Big Boy and Roy Rogers restaurants, in-flight catering services, airport gift shops). Bought Howard Johnson Co. 1985. Recently opened luxury/convention Marquis hotels in N.Y., Atlanta (largest hotel south of N.Y., with 1,674 rooms). Alice Marriott: 79. Widow of J. Willard Marriott Sr. Cofounder Marriott Corp., currently v.p. Son J. Willard Marriott Jr.: 54. Married, 4 children. "Bill" became CEO 1972, succeeded father as chairman 1985. Younger brother

The youngest member of The Forbes Four Hundred is Michael S. Currier, 25

Richard E. Marriott: 47. Married, 4 daughters. "Dick" executive v.p., head restaurant division. Family tithes income to Mormon Church. "But we don't preach the Mormon doctrine here. We just have a good Christian work ethic." The three own or control over 25 million shares worth $720 million.

William Morse Davidson

Guardian Industries Corp. Bloomfield Hills, Mich. 64. Twice divorced, remarried; 2 children. After finishing school practiced law briefly, rescued Frank W. Kerr Co., a drug wholesaling firm. Accomplished same with Rupp & Bowman in surgical supplies. Took over uncle's interest in Guardian Industries, then a failing windshield fabricator. Became president 1957; paid off creditors, acquired photo processing, broadened company focus to architectural "float" glass. Went public in 1968, private again 1985. Owns 57% of Detroit (basketball) Pistons. Recently sold limited interest in Guardian Ventures. Stock, other assets worth about $240 million.

Robert Einar Petersen

Publishing. Beverly Hills. 60. Married. Son of Californian auto mechanic; became short-order cook, gas-pump attendant, movie studio publicist. Car-racing buff, launched *Hot Rod* magazine 1947 in garage with partner, $400; hawked in grandstands for 25 cents. Bought out partner 1950; expanded. Petersen Publishing now 13 monthlies (*Teen, Motor Trend, Guns & Ammo*), many one-shot special interest publications. *Hot Rod* still car buff's bible. "I never dreamed the public would buy my output in such volume." Also owns real estate, art gallery, restaurant. First man to bag polar bear with revolver 1965: "It was either shoot or be fatally mangled." Net worth estimated at $235 million.

Aaron Spelling

Television. Holmby Hills, Calif. 63. Divorced, remarried; 2 children. Son of Russian immigrant tailor, raised in Dallas; spent a year in bed after suffering "nervous breakdown" age 8. To LA as writer, actor 1953. With Danny Thomas, produced first hit: *The Mod Squad*, 1968. With Leonard Goldberg in 1970s, made *Charlie's Angels, Starsky & Hutch, Hart to Hart, Fantasy Island*; later *The Love Boat, Dynasty*; miniseries, etc. At peak, provided a third of prime-time schedule at ABC: "Aaron's Broadcasting Co." With clout at ABC waning, took company public 1986. Recently worth more than $235 million. "If I tried to do a show on my life, no one would believe it."

Merv Edward Griffin

Television. Beverly Hills and Carmel Valley, Calif. 61. Divorced, 1 son. Radio singer, then vocalist with Freddy Martin's Orch.; #1 hit: "I've Got a Lovely Bunch of Coconuts" 1950. As Warner Bros. contract player, pioneered on-screen French kissing 1954. Launched *Merv Griffin Show* on NBC 1962, soon canceled; revived 1965; ran until 1986. Started production co. 1962, hit big with *Jeopardy*. Playing Hangman with sister on car trips inspired *Wheel of Fortune* 1973; syndicated 1983: most lucrative game show ever. Sold all to Coca-Cola for over $200 million in 1986: "I didn't want to be in business. It makes my brain go dead." Now planning big-band variety show. Worth over $235 million.

Dorothy Green

Liliore Green Rains

Burton Green Bettingen

Sisters. Inheritance. Daughters of Burton E. Green (d. 1965), promoter, Beverly Hills founder and developer. Bought oil-bearing land no one else wanted; cofounded Belridge Oil 1911, president 1925-65. Bought by Shell Oil 1979 for $3.65 billion (then history's biggest takeover). Sisters' stake nearly $700 million (*see also Buck, Whittier*). Also still some Beverly Hills real estate. All over 70; live in Beverly Hills (Burton also Newport Beach). Shun publicity. Dorothy (Dolly): eldest. Divorced, no children. Invested heavily, successfully in Thoroughbreds: "I do love my horses and I think the personal attention I give them is helpful." Gave much for Versailles restoration. Religious. Likes to wear red. Liliore: widow. President Los Angeles Girl Scouts 1961-63; once socially prominent, now withdrawn. Burton (Burtie): widowed, 2 children. Named for father who "tired of waiting for a son." Celebrated Belridge sale by buying John Wayne's beach house. Net worth from Belridge sale alone over $235 million each.

John Hammond Krehbiel Jr.

Molex, Inc. Downers Grove, Ill. 80. Widowed, 2 sons. Father and brother founded small firm 1938 combining coal and asbestos processing wastes into inexpensive plastic. John Sr. became president 1947. Made consumer items (flower pots, toy guns, salt tablet dispensers, clock cases), then electrical components. Now manufactures only the electronic connection devices, buys raw plastic from outside suppliers. Promotes from within, sponsors in-house management programs staffed by Harvard Business School professors. John Sr. runs company with sons John Jr., pres.; Fred, exec. v.p. Sr. controls shares worth over $235 million.

Arnold Bernhard

Value Line, Inc. Westport, Conn. 84. Married, 2 children. After Williams College worked as *Time* theater critic, Moody's Investment analyst. Wrote play entitled *Bull Market*: "Fortunately, it was never produced." Started Value Line 1935 dedicated to discovering set formula to compute stock performance. Now nation's largest investment advisory service. Bernhard also invests in plays produced by friend Elliott Martin. Owns Hummingbird Cay, island in the Bahamas he has devoted to ecology research projects. Daughter Jean vice-chairman of company. Value Line stock, shares in own funds (with family) worth over $230 million.

Ben H. Carpenter

Southland Financial Corp. Dallas. 62. Married; 1 son, 4 daughters. Father, John W., founded Lone Star Steel, Southland Life Insurance. Southland steered toward real estate beginning 1936 with Las Colinas Corp. (now Southland Financial subsidiary); sold Southland Life 1984 for $352 million; Southland now principally real estate development. Ben chairman, CEO; son John president. Las Colinas once

The Forbes Four Hundred

Carpenter ranch, now business/residential community with 125-acre lake, Venetian river taxis, 25-acre movie studio. Failed attempt to take company private 1984. Carpenter owns or controls fortune believed to exceed $230 million.

Frederick Wallace Smith

Federal Express Corp. Memphis. 42. Divorced, remarried; 8 children. Decorated Vietnam Marine commander, pilot. Proposed overnight mail delivery service earned "C" from Yale economics professor, kudos from financial community. Used his inheritance ($3.2 million), family's ($8 million) to start Federal Express. Built entire network (total venture capital reported $70 million) before mailing one package. Once met payroll in part with $27,000 blackjack winnings. Risk-averse sisters sued for misinvestment of funds; sales now over $2 billion. Unconventional: "Habits are very dangerous." With stock, other assets, he is worth $230 million.

Lewis Robert Wasserman

MCA Inc. Beverly Hills and Palm Springs. 73. Married, 1 daughter. Pushed popcorn, ushered at Cleveland theater; became agent; spotted by MCA founder Jules Stein. Hired at 23, pres. at 33. Brought respectability (no more plaid suits) to profession. Handled many Hollywood greats, also actor Ronald Reagan. Universal first major movie studio to produce for TV 1949; gave up talent agency when govt. forced choice. TV hits include *Leave it to Beaver, Miami Vice*. "One of the last of the larger-than-life movie barons." Studio exec: "Lew has an iron grip; it is a subtle grip but an iron one." Democratic fundraiser. His 7% MCA worth $225 million.

Norman Milton Lear

Television. Los Angeles. 64. Married, 3 daughters. Writer for LA comics. Teamed up with Bud Yorkin; wrote, produced films, but TV more successful: *All in the Family, Sanford and Son, Maude*. With Jerry Perenchio *(which see)* made *The Jeffersons* and *Mary Hartman, Mary Hartman*. Yorkin sold out to Perenchio 1983. Partners bought Embassy Communications 1981 for $25 million; sold to Coca-Cola (incl. TV properties) for $485 million 1985: "The sale to Coca-Cola represents the second-act curtain in my life." Formed Act III, Inc. 1985. Recently bankrolled revamped *Channels* magazine; bid against Perenchio for Spanish-language TV system, lost to Donald Hall *(which see)*. With Coke stock, net worth exceeds $225 million.

Andrew Jerrold Perenchio

Television. Los Angeles. 55. Twice divorced; 1 son, 2 stepdaughters from first marriage. Family settled in Fresno 1920; fruit brokers, vintners. "Jerry" to prep school age 15; winery faltered, $150/week allowance stopped: "I hadn't put 5 cents away. I realized I'd have to go to work." Worked way through UCLA booking bands, catering frat parties. Later, sports promoter: Billie Jean King-Bobby Riggs, Frazier-Ali. Started, sold 49% ON-TV; joined with Norman Lear *(which see)* 1974, cosold Embassy Communications to Coca-Cola for $485 million 1985. Competed with Lear for Spanish-TV system 1986, lost to Donald Hall *(which see)*. Net worth exceeds $225 million.

77 members of The Forbes Four Hundred are women.

Irénée du Pont Jr.

Irene Sophie du Pont May

Margaretta Lammot du Pont Greenewalt

Constance Simons du Pont Darden

Eleanor Francis du Pont Rust

Mariana du Pont Silliman

Octavia Mary du Pont Bredin

Lucile Evelina du Pont Flint

Brother and sisters. Inheritance. Children of Irénée Sr. (d. 1963), president Du Pont Co. 1919-26 *(see other du Ponts, family)*. Irénée Jr.: Montchanin, Del. 66. Married, 5 children. With Du Pont Co. 32 years, retired as senior v.p. 1978. Still on board, also on the boards of Wilmington Trust and the Longwood Foundation. Oversaw merger of Christiana Securities with Du Pont in 1977, which effectively ended family control of companies. Family leader with cousins Edward Bradford du Pont, Hugh Rodney Sharp III *(which see)*. Irene Sophie (Mrs. Ernest May): Wilmington, Del. 85. Married, 4 children. Margaretta Lammot (Mrs. Crawford H. Greenewalt): Greenville, Del. 84. Married, 3 children. Husband president Du Pont Co. 1948-62. Constance Simons (Mrs. Colgate W. Darden Jr.): Norfolk, Va. 82. Widowed, 3 children. Husband (d.1981) governor of Virginia 1942-46. Eleanor Francis (Mrs. Philip Gordon Rust): Thomasville, Ga. 79. Married, 4 children. Mariana (Mrs. Henry Harper Silliman): Hagley, Montchanin, Del. 75. Married, 6 children. Husband is v.p. in family brokerage firm Laird, Bissel & Meeds. Octavia Mary (Mrs. John Bruce Bredin): Greenville. 73. Married, 6 children. Husband is director of Wilmington Trust. Lucile Evelina (Mrs. Robert Baronet Flint): Greenville. 71. Married, 5 children. The 8 siblings with their families share in fortune estimated at $1.8 billion.

The Forbes Four Hundred

Bernard H. Mendik

Real estate. NYC. 57. Divorced, remarried; 3 children by first wife, 1 by second. "Bernie" born Scotland; raised South Bronx as handyman's son. After law school, into real estate 1957 with now-ex-brother-in-law Larry Silverstein *(which see)*; split 1977, still partners in some buildings. Owns 11 million sq. ft. office space; buys, rehabs in Manhattan. Calls himself "New York's most successful janitor." Paid $480 million with co-op converter Martin Raynes 1985 for 6,200 MacArthur Foundation apts. NYC. Raising up to $300 million with E.F. Hutton 1986 to buy real estate. Net worth over $225 million. "I'd just like to buy every good building in Manhattan, that's all."

Max Martin Fisher

Oil. Detroit, NYC, Palm Beach. 78. Married, 5 children. Father penniless immigrant, built tiny oil reclamation plant. Max started as $15-a-week salesman, convinced dad to build refinery. Aurora became one of Midwest's largest independents 1930s. Acquired Speedway 79 gas stations 1947. Sold Aurora to Marathon Oil for stock 1959; tendered stock to U.S. Steel 1982 for well over $150 million. Also, many real estate deals, small stake Sotheby's, with pal Al Taubman *(which see)*. Donates half income to charity; big Israel, GOP supporter (Nixon confidant). First chairman Detroit Renaissance project. Net worth, with family, over $225 million. "I pride myself on my humility."

Richard Palmer Kalanianaole Smart

Inheritance, ranching. Honolulu and Waimea, Hawaii. 73. Divorced, 2 sons. Great-great-great-grandson of John Palmer Parker, sailor who jumped ship 1809, married King of Hawaii's granddaughter; granted 2 acres land, amassed 50,000 more. Orphaned Richard raised by colorful grandmother "Tootsie," left Stanford U. for stage. Performer 25 years: Broadway plays *(Bloomer Girl)*; London, Paris nightclubs. Today runs Parker Ranch, largest single-owner U.S. ranch (225,000 acres, 50,000 cattle), active in local troupe, stages star-studded parties. Recently won estate case against 200 other descendants. Local prep school to inherit ranch worth at least $225 million.

174 members of The Forbes Four Hundred built their fortunes without any significant inheritances.

Robert Charles Joseph Edward Sabatini Guccione

Publishing. NYC. 54. Twice divorced; 5 children. Son of NJ accountant, moved to Rome age 18 to paint. Fired as dry-cleaning shop manager; launched *Penthouse* 1965. Penthouse International now 8 monthlies (incl. *Omni*, *Four Wheeler*, new *Defense and Technology*, son Bob Jr.'s *Spin*), film and video arm, software, book publishing. "Contrary to what the feminists would have you think, we are a legitimate publishing company." Suing Meese Commission for First Amendment rights violation. Muhammad Ali-endorsed powdered milk product Primo being pushed to Arabs; brainchild of Harvard-fresh son Tony. With extensive art collection, other interests, net worth should exceed $225 million.

Francesco Galesi

Real estate. NYC. 55. Divorced, remarried; 2 daughters, 1 son. Son of Italian immigrant real estate broker. Turned Binghamton, N.Y. city dump into shopping center 1960. Owns 13 million sq. ft., over half in mammoth depot-cum-industrial distribution complex in Albany, N.Y. Also offices, malls; Southampton, N.Y. beachfront; 2,000-acre Jamaican sugarcane plantation. Recently refurbished colonial resort Vermont. Founded United Satellite Communications, now in Chapter 11; also Argo Communications, long-distance phone co., now in merger talks. "Telecommunications is my inspiration. It's where the imagination and childish fantasies merge." Worth $225 million.

Joseph Morton Davidowitz (a.k.a. Morton Davis)

Stock market. Lawrence, N.Y. 57. Married, 4 daughters. Son of kosher food distributor, was door-to-door salesman, attended Brooklyn College night school 7 years; graduated Harvard Business School with honors. Became one of a dozen partners at old-line D.H. Blair brokerage firm after joining 1961; sole owner by 1973. High-pressure sales tactics rapidly move trendy offerings; methods instituted by controversial pitchman Stewie Travis. Likes to invest in more promising of his own deals (especially likes warrants). "A moneymaking machine," at least for himself and Blair. Net worth should exceed $225 million.

Jack Monteith Berry

Citrus grower. Winter Haven, Fla. 69. Married; 1 son, 2 daughters. Left Tenn. to find fortune in NYC. Successful fruit broker, own company, earning $75,000 a year by age 30. Supermarkets bypassed brokers in 1950s. Decided real money was in growing: gambled on drainage-hampered south Fla. land. Now: over 15,000 acres productive orange groves, concentrate plant, plus 16,000 acres ranch land, some 7,000 to become citrus. Flat citrus market; still optimistic ("We are going to ride this storm out"), but diversifying: sod and tree farms, plastics, box plants. Net worth exceeds $225 million.

The Forbes Four Hundred

Charles Allen Jr.

Herbert Allen

Herbert Anthony Allen

Stock market, real estate. NYC. Charlie: 83. Divorced, remarried; 3 children by first marriage. Brother Herb: 78. Widowed, remarried; 1 son, 1 daughter. Herb Jr.: 46. Divorced, 4 children. Charlie among canniest investors of all time *(see also Warren Buffett, Michael Milken).* Raised in Manhattan cold-water flat; high school dropout; Wall St. runner age 15; set up as bond trader age 19 with $1,000, 2 phones. Brought in Herb 1928. Made first million by 1929, lost it in Crash. Now prefers high-tech stock. Herb (semiretired) kept firm afloat with shrewd Depression trading. Since 1930s, phenomenal record buying into unlikely firms. Charlie's masterstroke: bought $1 million Syntex 1958; value up over 100-fold. Herbert's coup: bought $3 million Benguet Mining, sold for over $45 million. Herb Jr. joined 1962; against father's judgment bought 6% Columbia Pictures at 4 in 1973; reaped $40 million on sale to Coca-Cola 1982. Allen & Co. still secretive, but active: bought Ticketron ticket services for $165 million from Control Data 1986. With holdings in over 200 companies, real estate, shared fortune should exceed $660 million. Jr.: "My uncle is the greatest picker of stocks in the history of equity markets."

Maurice Raymond Greenberg

American International Group. NYC. 61. Married, 4 children. Raised on dairy farm upstate N.Y., left high school to join Army WWII, college, law school on GI bill. Chance interview brought "Hank" into AIG 1960, became president and CEO 1967. AIG started 1923 by Cornelius V. Starr in Shanghai, now in over 130 countries, 1985 revenues near $6 billion. Avoided staggering industry losses ($25.2 billion in 1985) with sharper underwriting, concentration on large commercial deals. "My temper has a short fuse. I'm sure there have been a lot of people who have trembled before me." Fortune well exceeds his AIG holdings worth over $220 million.

Alpheus Lee Ellis

Banking, real estate. Tarpon Springs, Fla. 80. Married, 1 daughter. Banking experience began with cleaning spittoons in father's Alabama bank, 1920. "Al" continued to clean up in banking, sold his Ellis Banking Corp. to NCNB, 1983, for $175 million; he had built it to Florida's 8th-largest bank holding company. Also commercial real estate, including prime land in Tampa, Clearwater, shopping centers. Still working with no plan to retire. Net worth including 4 million shares NCNB, real estate, investment securities should exceed $220 million. "I've been in Florida banking for over 60 years, and I've got something to show for it."

Marian Uldine Day Smith

Inheritance, real estate. Atlanta. 52. Widowed, remarried; 5 children. First husband Cecil B. Day, son of Baptist minister, residential developer; traveling with 5 children, saw need for budget motels with amenities. Built first Days Inns motel 1970 (no liquor). By his death 1978 over 40,000 rooms. Wife "Deen" ("I was the person he took everything to") pruned older rooms, built newer ones, kept system dry, expanded to 45,000 rooms. Sold to Saul Steinberg 1984 for $615 million; net of substantial company debt, her 72%, plus real estate Ga., Fla., Tex., worth over $220 million. Runs foundation. Very charitable, especially to religious, educational concerns.

William Arthur Fickling Jr.

Charter Medical Corp. Macon, Ga. 54. Married (to Miss America 1953), 4 children. After Air Force as guided missile officer, began working for father's real estate firm buying and selling nursing homes. Sensed more profit in hospitals, founded Charter Medical 1969 to manage firm's 10 nursing homes. Rapidly acquired, built hospitals on heavy debt. Charter now owns and operates 13 general acute-care hospitals, 52 psychiatric facilities in 21 states. "General hospitals are a good business, it just so happens that psychiatric hospitals are better." Fickling president, CEO; controls 30% of stock worth over $220 million.

Patrick George Ryan

Insurance. Chicago. 49. Married, 3 sons. "Pat" son of Milwaukee car dealer, sold insurance for Penn Mutual; hung up own shingle 1964. Brainstorm: Pay car dealers commission for selling insurance with auto financing. Merged with W. Clement Stone of Combined International Corp. 1982. Ryan swapped chairmanship, 55% of his firm for 11.1% of Combined. First year, operating profits up 47% on $1.2 billion revenues. Heavy promoter Medicare supplemental insurance through TV ads 1984. Management "secret": "I don't take myself too seriously." Family man, former president local boys, girls club. His 4 million shares worth over $215 million.

Eugene (Jean) Paul Getty

Inheritance. London. 53. Divorced, widowed; 5 children. Third son J. Paul Getty, ran Getty Oil Italian operations. In 1960s led hippie life Rome; drugs, etc.; second wife died overdose 1971. Son Jean Paul III minus ear courtesy kidnappers 1973, paralyzed for life from 1981 drug overdose. Son Tara Gabriel Galaxy Gramaphone Getty, now 18, nominee in suit against uncle Gordon to realign trust. Jean eccentric, book collector, philanthropist ($25 million gift to Britain's National Gallery 1985—honorary knighthood 1986); finances managed by Claus von Bulow. With trust settlement, net worth should exceed $965 million *(see other Gettys)*; otherwise $210 million.

Hugh Franklin Culverhouse

Real estate, banking. Tampa. 67. Married; 1 daughter, 1 son. Became premier tax attorney after 5 years prosecuting for IRS. Good clients: Richard Nixon, Bebe Rebozo. Many investments with Marvin Warner,

but split before Warner became key figure in Ohio bank collapse. Bought Palmer Ranch, 11,500 prime Sarasota acres, 1970 for $12 million; sold near half-interest 1981 for $35 million. Awarded NFL expansion franchise 1974; Tampa Bay Bucs set record by losing first 26 games. Failed in hostile takeover of Florida bank 1984-85. Real estate, banking interests throughout state. "I most enjoy estate planning, solving complex money problems." Minimum net worth $210 million.

Charles Cassius Gates

Gates Corp. Denver. 65. Married, 2 children. B.S. degree from Stanford; 3 years as engineer with Copolymer Corp., returned 1946 to Gates Rubber (firm started by Charles Sr. 1911). Company manufactured tires, hoses, V-belts. Upon father's death 1961, Gates president, chairman. Diversified: fiber products, mutual funds, cattle ranches, trucking. Licensed pilot since 1942, Gates purchased failing Learjet 1969. Discarded tire business 1973. Gates Corp. inherited by Gates and 4 sisters; private. Estimated net worth, with family, other assets $210 million.

Among members of The Forbes Four Hundred, Leonard Shoenor has the largest number of children (12)

James L. Walton

Wal-Mart Stores. Bentonville, Ark. 61. Divorced, 2 daughters. Ran small 5 & 10 cent store in Missouri. Pooled fortunes with older brother Sam Walton *(which see)* when his merchandising concept took off 1950 ("quality goods at discount prices"). Brothers expanded chain to 16 stores in next ten years, became Wal-Mart 1962. Today second-largest chain behind K mart, 1985 sales in excess of $8 billion. James senior vice president company. Quiet, low-profile; prefers solitude of fisherman's boat in Alaska, Argentina, etc. to minding his 5.2 million shares of Wal-Mart stock worth over $210 million.

Bella Wexner

The Limited Inc. Columbus, Ohio and NYC. Mid-70s. Widowed, 2 children. Mother of Leslie Wexner *(which see)*, chairman of retail clothing chain. Opened women's clothing store in Columbus with husband Harry (d. 1975), forerunner of The Limited. Joined son's store when specialized retailing took off. Bella now company secretary, director, adviser to son. Says daughter Susan Wexner *(which see)*: "It's still very much a family business." Bella supports local charities but shuns publicity. Has never granted an interview. Quietly controls shares of son's company worth $210 million.

W. Duncan MacMillan

John Hugh MacMillan

Marion MacMillan Pictet

Brothers and sister. Cargill, Inc. Children of John MacMillan Jr., who ran family grain-trading firm 1936-60 (d. 1960). John Sr. became president on death of father-in-law William Cargill, successful struggle with William's son. Duncan: Wayzata, Minn. 56. Married, 4 children. Cargill director, longtime head of Waycrosse, Inc., family's private investment firm. Hugh: Fort Lauderdale, Fla. 58. Divorced, remarried; 6 children. Not active in company. Marnie (Mrs. Pictet): Geneva, Switzerland. 53. Divorced, remarried: 2 children. Spends most of time out of U.S. Share their branch's 25% Cargill stock, worth more than $615 million. *(See Cargill MacMillan family; also, other Cargills, MacMillans, Keinath.)*

Whitney MacMillan

Cargill MacMillan Jr.

Pauline MacMillan Keinath

Brothers and sister. Cargill, Inc. Grandchildren of John MacMillan Sr., president of Cargill first third of this century. Whitney: Minneapolis. 57. Married, 2 children. Graduated Yale 1951, joined company as vegetable oil merchant. Chairman 1977. Helped guide grain-trading company into value-added products, oil, meatpacking; firm thriving even as farm markets down. Cargill: Minneapolis. 59. Married, 4 children. Senior v.p. Cargill. Pauline: 51. Married. Little known, not active in company. Share their family branch's 25% Cargill stock, worth over $615 million.

William Edward Simon

Leveraged buyouts. New Vernon, N.J. 58. Married, 7 children. Comfortable childhood as son of insurance agent; after college made millions in Salomon Bros. bond dept. Nixon's Deputy Treasury Secretary; Ford's "Energy Czar," Treasury boss. Teamed with Ray Chambers *(which see)* 1981 as Wesray: token-cash, high-return LBOs include Gibson Greetings, many more. Simon an expert at playing interest rate changes, getting financing at prime. Personalities clashing; Simon doing separate deals. Known for hard work, sharp temper: "When there are jackasses around me, I just get agitated." His share Wesray coups, other wealth, believed over $200 million.

Timothy Mellon

Catherine Mellon Conover

Siblings. Inheritance. Grandchildren of legendary financier, empire-builder Andrew Mellon (d. 1937), children of Paul *(which see)*. Tim: Manchester, N.H. area. 44. Divorced, remarried; 1 stepdaughter. Started computer programming firm 1969, after Yale degree in city planning. Founded, with partner, company to pressure-treat railroad ties 1977. Acquired control Guil-

ford Transportation for $50 million: 4,700-mile track composed of old New England railroads. Added 1,000 miles of unwanted Norfolk & Southern track after unsuccessful bid for Conrail. Cathy: Washington, D.C. 50. Twice divorced; 3 children by first husband John Warner (later became Senator, Mr. Elizabeth Taylor). Divorce settlement: He got $9 million, two houses. Cathy antiwar activist, active supporter Rocky Mountain environmental issues. Each sibling received $100 million trusts from grandfather; father Paul says they have enough, will get no more from him. No problem: Conservatively invested, each should be worth over $200 million. *(See also other Mellons, Currier, May, Scaife.)*

Henry Eleuthère Irénée du Pont

Joan Ellen du Pont Sheehan

Evelyn du Pont Donaldson

John Eleuthère du Pont

Brothers and sisters. Inheritance. Children William Jr. (d. 1965). William Sr. (d. 1928), ostracized from family for divorce, early 1900s, on wrong end of battle for Du Pont, 1915; founded Delaware Trust to escape Pierre's Wilmington Trust *(see other du Ponts, family)*. Retained huge holdings Du Pont stock. Henry Eleuthère Irénée (born William Henry, changed name 1973): Wilmington, Del. 58. Twice divorced, remarried; 7 children, also 3 adopted stepchildren. Sued with brother to block bequest of aunt Marion du Pont Scott (d. 1983) leaving estate of James Madison, Montpelier, to national historic trust: Henry wanted to live there. Legal fees over $1 million; lost. Impenetrable trusts have safeguarded inheritance from business losses. Now suing for adopted children to inherit despite will leaving all to lineal descendants of grandfather. Jean Ellen (Mrs. William Mason Sheehan): Coral Gables, Fla. 63. Divorced, remarried; 3 children. Avid horsewoman. Evelyn: Clark, Wyo. 60. Divorced, childless. Ex-husband

602 persons have been listed at least once in the five editions of The Forbes Four Hundred to date.

Bruce Donaldson retired director Delaware Trust. John: Newtown Square, Pa. 47. Unmarried, lives with mother on estate, Foxcatcher. Trains for, sponsors triathlon meets. Ph.D. biology, founder Delaware Museum Natural History, donated his private collection 250,000 seashells. Siblings share in fortune of at least $800 million.

Pierre Samuel du Pont III

Mary Belin du Pont Faulkner

Edith du Pont Pearson

Willis Harrington du Pont

Inheritance. Surviving children Lammot du Pont, brother and key associate of Pierre; president Du Pont Co. 1926-40, chmn. 1940-48; d. 1952 *(see various du Ponts, family)*. Pierre III (Big Pete): Rockland, Del. 75. Widowed, 3 children, including Pierre IV, who was governor Delaware 1976-84, now GOP presidential hopeful who advocates mandatory drug-testing for all teenagers, "Rambo-like crusade" against drugs. Mary (Mrs. James Morrison Faulkner): Brookline, Mass. 79. Married, 7 children. Edith (Mrs. George Burton Pearson Jr.): Montchanin, Del. 73. Widowed, remarried, 5 children by first marriage. Husband retired Delaware judge. Willis: Palm Beach, Fla. 50. Married, 3 children; son of Lammot's fourth wife (other siblings by first). Citrus, cattle, banking investments Florida. Siblings are believed to share equally in father's estate, along with heirs of other (deceased) children. Pierre's share lightened by his movie-backing losses. Combined fortune should exceed $800 million.

Seymour Milstein

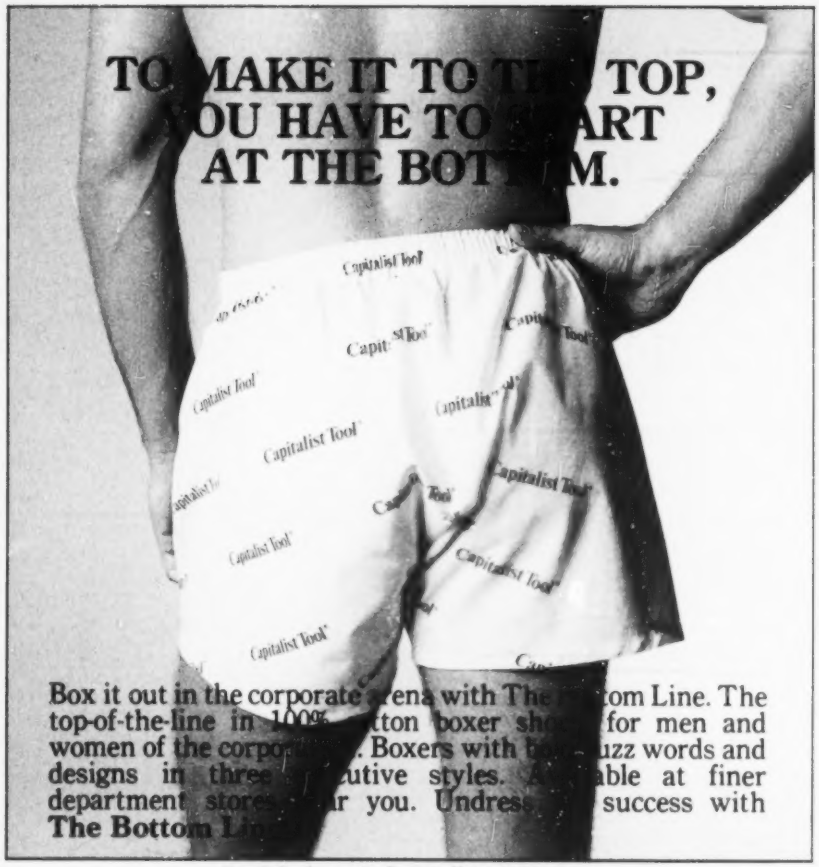
Paul Milstein

Brothers. Real estate. NYC and Scarsdale, N.Y. Seymour: 66. Paul: 63. Both married, 2 children each. Paul joined father's floor contracting company after WWII; put floors in Rockefeller Center, World Trade Center. Seymour ran tile company. Both firms acquired 1960s; both brothers resigned after losing boardroom battles. First real estate venture: slum clearance contract Manhattan's West Side 1952; slums never cleared, just milked (then-Mayor Wagner: "You could say we were conned for five years"). Built 2,000 apts. near Lincoln Center 1960s, 1970s; now co-oping. Drew preservationists' ire for demolishing Biltmore Hotel's famed Palm Court to make way for office tower 1981. Ran United Brands from 1975 until shares sold to Carl Lindner *(which see)* for near $40 million profit 1984. Currently NYC's most active apt. developers: 3,800 units in four projects, mostly rentals. Embroiled in lawsuits over Times Square redevelopment, loss of downtown urban renewal site. Paul: "We live in a jungle. In order to survive in a jungle, you've got to be tougher. My competitors . . . don't understand the word 'tough.'" Share net worth over $400 million.

Samuel Zell

Robert Lurie

Partners. Real estate, investments. Chicago. Sam: 44. Married, 3 children. Robert: 44. Married, 6 children. Fraternity brothers at Univ. of Mich. Foresaw effects of inflation; bought up distressed or bankrupt properties cheap early 1970s in Cleveland, Dayton, Detroit, et al. Rehabbing costs proved bargain when construction costs for new



For Telephone Orders Call (212) 879-7856

Mix your kind of business
with our kind of pleasure.

Convenient location. **Prestigious** office space.
Luxurious surroundings. And all the **amenities**
you hope for.
That's what Governors Square in the Miami Lakes Business Park has to offer.
Give us a call at (305) 821-1130. We'll give you the perfect mixture of business and pleasure.

Governors Square, Miami Lakes Properties, Inc.
A Subsidiary of The Graham Companies. 6843 Main Street, Miami Lakes, Florida 33014

buildings soared. Robert, "a Woody Allen look-alike," crunches the numbers, Sam deals: "I'm the rainmaker; he cleans up after me." Successful in real estate, saw opportunity in troubled industrial companies. Bought up 27% Itel Corp., 69% Great American Management; used tax-loss carryforwards in further acquisitions. Their Equity Financial & Management now over 20,000 apartments nationwide. Sam (The Gravedancer) colorful: prefers denim to pinstripes at business meetings, but warns, "If you dress funny and you're not good at what you do, you're a jerk." Partners share fortune exceeding $400 million.

Franklin Parsons Perdue

Chickens. Salisbury, Md. 66. Divorced, remarried; 4 children. Dropped out of teachers college to join father's egg business; switched to raising broilers, rode post-WWII chicken boom. Added feed business 1950s, processing 1960s: Became fully integrated producer. Perdue Farms now nation's 5th largest, annual sales over $840 million; dominant Northeast brand. Frank regional celebrity from clever advertising: "It takes a tough man to make a tender chicken." How tough? Met with NYC mobster Paul Castellano trying to block union organizers 1980. Antitrust charges, 1981, dropped. His 90% of company worth over $200 million.

Ray Lee Hunt

Ruth Ray Hunt

Ruth June Hunt

Helen Hunt Hendrix

Swanee Hunt

Mother, children. Inheritance, oil, real estate. Ray Lee: Dallas. 43. Married, 5 children. His mother, Ruth Ray: Dallas. 69. Widowed, 4 children. His sister, Ruth June: Dallas. 42. Single. Sister Helen: NYC. 37. Divorced, remarried; 6 children. Sister Swanee: Denver. 36. Divorced, remarried. Known as the second family (third, chronologically) of H.L. Hunt, who married Ruth Ray, adopted kids 1957 after death of first wife 1955 (long kept families secret from each other; *see other Hunts, Schoellkopf, Hill*). Inherited

The youngest member of The Forbes Four Hundred whose fortune is self-made is William Gates, 30.

then-ailing Hunt Oil Co., other properties 1974; "amicably" split from first family. Ray turned business around, expanded; made huge strike in desolate North Yemen 1984, now building pipeline. Also Woodbine Development, vast real estate around Dallas, Fort Worth: skyline-dominating Reunion Tower, hotels, offices; over 4,000 acres business parks, incl. some mixed-use, mostly on old family land. Started *D* magazine, own others. Also drug and hair-care products, life insurance. Ray runs businesses; also involved civic affairs: "Because of the way he spells his last name, Ray's had to earn his respect twice." Ruth June, nicknamed Peaches, professional Christian speaker-singer; Swanee and Helen aid social causes for mentally ill, poor. Swanee: "The Hunt identity was something I wanted to get as far away from as possible, like an albatross." No involvement first family financial debacle. Despite oil decline and softening Dallas real estate market, this family worth more than $1 billion.

Clarence Scharbauer Jr.

Inheritance. Midland, Tex. 61. Married, 4 children. Father left NYC, settled in Midland 1889, built the hotel, ran the bank, became leading citizen. As rancher, bought up much dusty west Texas acreage to feed cattle; thousands of acres on Permian Basin, nation's richest oil province. First strike: 1935. Clarence Jr. probably most powerful man in Midland. Doesn't drill; others do, pay him royalties. Was largest shareholder, director of First National Bank of Midland, failed 1983 (2nd-largest failure at time) because of bad energy loans. Developing huge ranch on Midland's western edge. Believed to be worth $200 million or more.

Leonard Davis

Insurance. Palm Beach & NYC. 62. Married, 2 children. Grew up in Bronx, worked for CNA Financial Corp. mid-1950s, tailored insurance plan for retired teachers' assn.; worked similar deal for newly formed American Assn. of Retired Persons. Created Colonial Penn Group early 1960s to underwrite insurance for both groups. "Incestuous relationship" (exclusive contracts, advertising rights, no competing bids) led to split 1980; Penn lost contract to Prudential. Florida Power & Light acquired Colonial Penn 1985 for $565 million. Davis' proceeds from sales of stock, other assets, worth over $200 million.

Lavinia M. Currier

Michael J. Currier

Andrea Currier Patterson

Sisters and brother. Inheritance. Grandchildren of Ailsa Mellon Bruce, great-grandchildren of Andrew Mellon. Parents Audrey Bruce Currier and Stephen Currier died plane crash in Bermuda Triangle, 1967; grandmother Ailsa died 1969. Kids recipients of generous trusts. Paternal grandfather David K.E. Bruce served as ambassador to 4 countries; Congress adjourned early on wedding day, 1929. Lavinia ("Vinnie"): The Plains, Va. 29. Single. Enjoys jet-set lifestyle, travel. Michael: NYC. 25. Single. Active in family investments, philanthropies. Andrea: The Plains, Va. 30. Married, 1 child. Lives as country gentlewoman on family estate, Kinloch Farms. Combined fortunes should exceed $600 million. *(See also other Mellons, May, Scaife.)*

Howard Phipps Jr.

Anne Phipps Sidamon-Eristoff

Brother and sister. Inheritance. Children of Howard Phipps (d. 1982 at age 101), youngest of steel baron Henry Phipps' five offspring *(see Phipps family)*, family power in own right when not tending prize-winning rhododendrons. Howard (Howdy): Westbury, N.Y. 52. Married, 3 children. Represents sister, self on board of family-founded Bessemer Trust. Lives quietly, busy philanthropist; visible in NY cultural circles. Anne (Mrs. Constantine Sidamon-Eristoff): NYC. 54. On numerous civic, museum boards. Husband prominent lawyer, formerly active NYC politics. Howard's, Anne's share of grandfather's fortune worth at least $400 million.

John Wilmer Galbreath

Daniel Mauck Galbreath

Father and son. Real estate. Columbus, Ohio. John: 89. Twice widowed, 2 children from first wife. Son of Ohio farmer, grated, sold horseradish by the jar at age 8: "My family wasn't poor, we just didn't have any money." As real estate broker, ruined by Depression; recovered by arranging sales of foreclosed properties for large commissions. Hit big with "package deals": Find tenant, builder, take blueprints to bank for financing. Son Daniel: 58. Separated, 3 children. Heir, president John W. Galbreath & Co.: manages over 20 million sq. ft. office space; equity in millions more. Also Darby Dan Farm, two-time Kentucky Derby winner, one of horsing's finest: 4,300 acres bluegrass, over 30 homes, 2 racetracks, 6,000-foot runway with hangar, 120-acre wild game preserve. Joint net worth exceeds $400 million.

Enid Annenberg Haupt

Esther Annenberg Simon

Jeanette Annenberg Hooker

Lita Annenberg Hazen

Evelyn Annenberg Hall

Sisters. Publishing. Five living daughters of Moses Annenberg, founder of Triangle Publications, d.

WHICH IS FASTER TO SOUTHERN AFRICA BY HOURS? OURS!

13 HOURS FASTER THAN BRITISH AIRWAYS
18 HOURS FASTER THAN KLM
15 HOURS FASTER THAN LUFTHANSA
NOBODY'S FASTER TO SOUTH AFRICA THAN SAA*

Every other airline from New York to South Africa stops off first in Europe. But SAA 747's fly direct. So SAA gets you down to business --while others are still up in the air!

Join the SAA Prestige Club, and your savings continue on the ground.

Join the Club -- And Enjoy the Savings! When you book, join our complimentary Prestige Club. Which entitles you to room upgrade and even free nights at fine hotels. Drive the first 2 days free in a Hertz or Avis rental car. And receive discounts at our world-famous game reserves. (Plus, of course, your $ here was never worth more!). Call your travel agent or 1-800-728-4768. (NY 212-593-1832).

*Based on schedules published in international OAG. Sept. 1986 edition using New York City as gateway.

Please send color brochures and a Prestige Club application. I understand that membership is free and entitles me to full benefits when I fly the fastest airline to South Africa. South African Airways, 900 Third Ave., New York, N.Y. 10022.

Name _____

Address _____

City _____ State _____

Zip _____

SAA SOUTH AFRICAN AIRWAYS

FB

1942 *(see Walter Annenberg)*. Enid (Mrs. Ira Haupt): NYC. 80. Divorced, widowed. Childless. Most distinguished Annenberg sister: editor *Seventeen* 1953-70, wrote books on teenage etiquette. Esther (Mrs. Leo Simon): NYC. 84. Widowed, 1 adopted son. Active as painter. Jeanette (Mrs. James Hooker): NYC, Palm Beach. 81. Twice widowed, 2 children. Serves on White House board for decorative arts. Lita (Mrs. Joseph Hazen): NYC, LA. 76. Divorced, remarried; 1 daughter. Lives quietly, gave annual awards for medical excellence. Evelyn (Mrs. Melville Hall): Palm Beach. 74. Divorced, widowed, remarried; 3 sons. Trustee NYC Museum of Modern Art. Triangle Publications, other holdings worth over $2 billion. Each sister (and families of 2 deceased) owns over 9% worth minimum $200 million. Brother Walter votes all shares.

Alex Gus Spanos

Real estate. Stockton, Calif. 63. Married, 4 children. Left $40/week job in father's bakery 1956, borrowed $800 to buy truck. Peddled sandwiches to migrant workers in San Joaquin Valley. Invested profit in land and buildings, launched A.G. Spanos Construction Co. 1960. Builder of over 55,000 apartments, 2.6 million sq. ft. office space. Travels coast to coast on private fleet of jets with 2 sons, 2 sons-in-law, all involved in business. "If you can't trust your own family, who can you trust?" Famous for the Spanos-Bob Hope dance routine performed at benefits. Has 62% stake in San Diego Chargers. With companies, other investments, believed worth over $200 million.

Dominique de Menil

Inheritance, art. Houston. 78. Widowed, 5 children. Daughter Conrad Schlumberger, who cofounded oilfield service co. Schlumberger, Ltd. (d. 1936). With husband John (son of French baron) fled Paris 1941 to firm's Houston headquarters. Family has steadily sold stock, diversified since 1960. John ran Schlumberger 1967-70 (d. 1973). Longtime liberal backers: Black Panthers attended John's funeral. "Went crazy" buying modern art after World War II; now considered one of the great private collections, over 10,000 pieces: "What I admire, I

must possess." Building Houston art museum. Awarded National Medal of Arts by Reagan 1986. Wealth should well exceed $200 million. "The phrase 'steel butterfly' was coined for her."

Alfred Dreyfus Goldman
Monte Henry Goldman

Inheritance, real estate. Honolulu and Oklahoma City. Father, Sylvan Goldman (d. 1984), owned supermarkets, invented shopping cart in 1937. Also built supermarket chains (Humpty Dumpty stores, ACF Wrigley). Expanded interests to banking and real estate, sold supermarket chains. Goldman Cos., privately held, run by 2 sons Alfred and Monte. Property in Puerto Rico, Texas, Oklahoma, Hawaii. Alfred: 48, single. Joined Goldman Cos. after Wharton 1961. Currently CEO. With brother Monte bought and refurbished Kaiser Estate in Hawaii. Monte: 51. Divorced, 4 daughters. Cochairman of Goldman Cos. Combined worth estimated around $400 million.

Ivan Frederick Boesky

Arbitrage. Mt. Kisco, N.Y. and NYC. 49. Married; 4 children. Father emigrated from Russia at age 12, became Detroit restaurateur. Ivan became Wall Street analyst age 29. Established own firm 1975, solely risk arbitrage. Said to have made over $150 million profit on stock runs at CBS, Gulf-Socal, Getty-Texaco. Not all roses: $70 million bath from Phillips-Mesa merger. On arbitrage: "It's a sickness I have in the face of which I am helpless." Raised over $800 million in recent debt and equity offering, presumably to play further. Also controlling interest Beverly Hills Hotel, Northview Corp., extensive other holdings. Net worth believed to exceed $200 million.

Max Palevsky

Computers. Beverly Hills. 62. Thrice divorced, 4 children. Son of Polish immigrant house painter; graduated from U. of Chicago; math, philosophy degrees. Stint in academe before $100/week job designing small computers at Bendix. Launched Scientific Data Systems 1961 with loan. Sold to Xerox 1969 for $1 billion, his share $100 million: "I have this feel for technology and the market." Since, movies (produced *Fun with Dick and Jane*), liberal causes (helped manage McGovern presidential campaign 1972), founded *Democracy* magazine. Also created arts and crafts collection for the LA County Museum. On Intel board, active in venture capital. Estimated net worth at least $200 million.

Chapman Shaw Root

Coca-Cola bottler, broadcasting. Ormond Beach, Fla. 61. Married, 6 children. Grandfather Chapman J. Root (d. 1945) started Root Glass Co. 1901 in Terre Haute, Ind. Created "the most perfectly designed package in the entire world" (Coke bottle) 1915. Formed Associated Coca-Cola Bottling Co. Plants as holding company; Root Co. had 58% interest. Son killed in plane crash 1932; control passed to grandson Chapman 1950. Chapman sold bottling operation to Coca-Cola 1982 (his share $240 million). Formed Root Communications: 4 radio stations, 1 TV station. Also owns Daytona Hilton. Proceeds from sale, other assets, worth over $200 million.

53 men and 39 women among The Forbes Four Hundred are unmarried.

Anne Windfohr Sowell

Inheritance. Fort Worth, Tex. 47. Twice divorced, remarried; 1 daughter by first marriage, 1 stepdaughter. Great-grandfather Burk Burnett, Chisolm Trail driver, left ranching empire to "vivacious" granddaughter Anne Burnett Tandy. She expanded mostly through marriage in ranching, oil, banking; 4th husband Charles Tandy of Tandy Corp. 1969. ("They should have gotten Justice Department approval for that wedding.") Tandy (d. 1978) left fortune to her; on her death 1980, left Tandy's fortune to charity, rest to daughter Anne. Now 450,000 acres ranches; oil under much. Worth more than $200 million. "She's been underestimated as a businesswoman."

Mary Jane du Pont Lunger

Inheritance. Wilmington, Del. and NYC. 72. Widowed, 5 children. Father Philip du Pont *(see other du Ponts, family)* rare bird who increased small share of family fortune by own efforts; took $10 million and made it into $58 million by playing market up to death, 1928. Mary Jane favored daughter; she got $50 million to sister's $2 million. Astute businesswoman, owns profitable Christiana stables. Fortune should exceed $200 million by now.

George Kozmetsky

Teledyne. Austin, Tex. 68. Married, 2 children. Taught business, technology at Harvard, Carnegie-Mellon. Joined Hughes Aircraft 1952, Litton Labs 1954. Cofounded Teledyne 1960 with Henry Singleton *(which see)* backed by financier Arthur Rock. Left 1966 to become business dean at U. of Texas. Helped establish Institute for Constructive Capitalism (now IC^2) 1977 at U.T. Currently institute's dean. Directs foundation that gives grants to medical and educational research. Also several business interests—MCO holdings, Federated Development Co., Maxxam Group—with Charles Hurwitz,

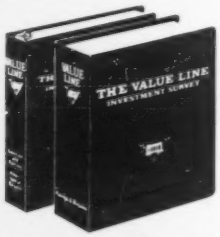
A Special Invitation from VALUE LINE

To Investors Who Use Discount Brokers

. . . and make their own investment decisions

A growing minority of investors are turning to discount brokers to cut commission costs. Generally, this is appropriate only for those who make their own decisions, since most discount brokers do not provide investment research.

So, if you're doing business with a discount broker, you need the best independent research you can get. (Your commission savings on just a few trades may pay for a full year of such assistance.) Here's how Value Line can help:



We'd like to send you Value Line's latest full-page Reports on each of 1700 stocks under continual review. These come to you ready for instant use, fully indexed and loose-leaf bound in the *Investors Reference Service*, and will be systematically updated by new Reports in the weeks ahead. Filing takes less than a minute a week. All this material is so organized in your binder that you can quickly turn to a continually updated report on almost any leading stock.

These comprehensive Reports cover almost every stock that's likely to be of interest to you. The 1700 stocks covered by Value Line account for approximately 96% of all dollar trading volume in the U.S. equity markets. With Value Line, you're really "well armed."

A typical Value Line full-page Report on a stock includes 22 series of vital financial and operating statistics—going back 15 years and estimated 3 to 5 years into the future—plus ratings and estimates of relative Price Performance in the next 12 months, long-term percentage Appreciation Potential, Safety, current Yield and P/E compared to past norms, and Value Line's analysis of ongoing corporate developments. About 130 Reports are issued every week—1700 every 13 weeks—in regular sequence. But perhaps most significant of all is the objective Value Line Ranking system which reduces thousands of hours of research by 80 experienced analysts and statisticians to two straightforward signals, the rank for Timeliness and the rank for Safety.

Stocks To Avoid Now

Because Value Line applies *uniform standards of evaluation* to all 1700 stocks, you can quickly and easily identify which stocks we currently rate *relatively* best and worst for your particular goals. We especially suggest you avoid the 400 stocks currently rated below average for Timeliness in the year ahead.

In addition to the full-page Reports, Value Line's key investment ratings and measurements for *all* 1700 stocks are updated EVERY WEEK in our 40-page weekly *Summary & Index*. With Value Line, you are never left "hanging."

Double Bonus Offer

If you're an independent investor—if you call your own shots—you should settle for nothing less than the best. So we invite you to let us send you The Value Line Investment Survey every week for the next 12 months. Plus two immediate bonuses—the two-volume *Investors Reference Service* (described above) and our penetrating new 72-page guide book, "A Subscriber's Guide," which explains how even inexperienced investors can apply thousands of hours of professional research to their own portfolios by focusing on only two unequivocal ratings, one for Timeliness (Performance in the next 12 months), the other for Safety.

Money Back Guarantee: You take no risk in accepting this offer. If you're not satisfied with Value Line for any reason at all, just return the material you have received within 30 days for a full refund of your subscription fee.

Special Introductory Trial Offer

Or if you prefer—and if no member of your household has subscribed to Value Line in the past two years—you may take an introductory 10-week trial for only $55. You get the same bonuses and the same money-back guarantee.

CALL TOLL-FREE
If you have MasterCard, American Express or Visa, phone 1-800-633-2252 (Ext. 281)
24 hrs. 7 days a week.

The Value Line Investment Survey

Value Line, Inc. • 711 Third Ave., • New York, N.Y. 10017
Department 816F27

INTRODUCTORY OFFER

☐ Begin my 10-week trial subscription for $55 to The Value Line Investment Survey (limited once to any household every two years) and send me the two bonuses listed above.

ONE YEAR SUBSCRIPTION

☐ Begin my 1-Year (52 issues) subscription for $425 and send me the two bonuses listed above. There are no restrictions with this annual subscription.

This subscription is tax-deductible and nonassignable. Allow 4 weeks for delivery. (N.Y. residents add sales tax.) Foreign rates upon request.

☐ My payment is enclosed. Please charge to:
☐ American Exp. ☐ MasterCard ☐ Visa

Account # _____
Exp. Date _____
Signature _____
Name _____
Address _____
City _____ State _____ Zip _____

Houston takeover artist. Teledyne stock, other holdings worth over $200 million.

John F. Eulich

Real estate. Dallas. 57. Married, 4 children. Missouri-born. After 12-year stint as women's clothing sales rep, built apts. with Trammell Crow *(which see)*. Went out on own 1959. With rising interest rates, decided 1979, on 50th birthday, to build and sell properties; now most cash-rich Dallas developer. His Vantage Cos. operates national construction company; projects include office parks, motels, warehouses, high-rises. Nation's fourth-largest developer. Net worth should exceed $200 million. "For a man that came over the Red River with $65 in my pocket and a pock-marked Pontiac car, I feel pretty good."

Norton Winfred Simon

Industrialist, art collector. Los Angeles area. 79. Divorced, remarried; 2 sons (1 deceased). Raised in Portland, Ore. as "mossback" conservative. As youth bought bags, towels, tissues from manufacturers to sell to local merchants. Dropped out of Berkeley after 6 weeks, turned around bankrupt orange juice plant. Gained control Hunt Foods 1943. Built conglomerate Norton Simon, Inc. (Hunt-Wesson, Simon & Schuster). Departed corporation 1969, devoted wealth to art collecting. "Acquisitiveness is a disease which you can get in money or business or politics or art." Simon's collection, investments believed worth over $200 million.

Charles Benjamin Benenson

Real estate. NYC. 73. Divorced, 3 children. Father built Bronx apartments from 1900, switched to investing around 1920. Charles, Yale grad, joined 1933. Owns scattered Manhattan parcels, many valuable ground and net leases; also Washington, D.C. properties (formerly owned Willard Hotel). Shrewd investor with Tisch brothers, Helmsley *(which see)*. Large waterfront parcel Amagansett, N.Y. (old Bell estate); development delayed by zoning dispute. Active philanthropist: Will send Bronx schoolkids to college. Respected collection of Af-

rican art. Peers say worth over $200 million. He denies: "I'm starving. I spend most of my time at Grand Central Station panhandling."

Frank Sherman Morgan

Sherman W. Dreiseszun

Nephew, uncle. Real estate, banks. Kansas City, Mo. Morgan: 59. Divorced, 5 children. Dreiseszun: 62. Married, 2 children. Morgan naval storekeeper WWII, then sold surplus war goods. Joined Dreiseszun in sportswear manufacturing 1950; partners ever since, Morgan in forefront. Opened small suburban bank 1964, first big shopping center 1967. Now 10 Kansas City area banks; assets near $2.5 billion, excellent returns. At least 10 million sq. ft. malls nationwide, could be much more. Also major force in developing downtown KC. Dreiseszun manages malls; Morgan banks, real estate deals: credited with fostering current KC building boom. Both extremely secretive: "It's inaccurate to say Frank Morgan maintains a low profile. The man has no profile." Extensive holdings virtually all in names of relatives, friends. Known assets worth at least $400 million.

The metropolitan areas with most resident members of The Forbes Four Hundred are:
New York City 90
Los Angeles 26
Dallas/Fort Worth 25
Chicago 19
Washington, D.C. 14
San Francisco 13
Wilmington, Del. 13
Boston 11
Minneapolis 10
Philadelphia 7
Houston 7
Kansas City 7

Stanley Stub Hubbard

Broadcasting. St. Mary's Point, Minn. 53. Married, 5 children. Son of Stanley Eugene Hubbard, 89, who started country's first commercial airline (went bankrupt). Bought St. Paul radio 1923; added TV 1948. Stanley took over 1981 after father suffered stroke. Hubbard Broadcasting now has 5 TV stations, 2 radio, production co. Stanley aggressively expanding into satellite TV: leases 2 transponders from RCA, owns another outright. Conus Communications, satellite news gathering co., now 47 member stations. Developing satellite-delivered programming network. "No longer will the networks be in the driver's seat." With hotel, net worth should exceed $200 million.

John Lee Cox

Oil. Midland, Tex. 61. Married; 1 son, 1 daughter. Grew up in tiny southwestern Texas town where father worked for oil company. Graduated Rice U., petroleum engineer 1946. Decided 1952 "I can do this on my own." Major operations Sprayberry Trend west Texas. One of biggest independent oil producers in state. Also Oklahoma, New Mexico, Wyoming; recent small strike New Mexico. Usually drills more than 100 wells annually; this year drilling only 40. Says oil's still valuable, "we're just not getting much money for it." Despite slump, believed worth over $200 million. "The price has to go up. I don't know when, but sometime."

William H. Millard

ComputerLand. San Vincente, Saipan. 54. Married, 3 daughters. College dropout; gained reputation computerizing government operations. Saw potential for personal computer early, opened first ComputerLand 1976. Now over 820; sales over $1 billion. Left company under pressure 1985 after courts ruled for Micro/Vest, group seeking note convertible to 20% company, $140 million punitive damages (under appeal). Autocratic, est graduate; recently announced plans to sell out, plans utility company to power Mariana islands. "I didn't come on this planet to sleep, and I'm not interested in retiring." His unchallenged 76% ComputerLand worth at least $200 million.

John Richard Simplot

Potatoes. Boise, Idaho. 77. Divorced, remarried; 4 children by first wife. Sorted potatoes, raised hogs; put proceeds into first potato processing plant. Big break: convincing Ray Kroc to go with his patented frozen french fries. Now supplies some 700 million lbs./yr. to McDonald's, Burger King, others. Keeps costs low: mines own phosphate for fertilizer, raises cattle to eat peels. Recent venture in semiconductors. Fined $50,000 for manipulating Maine potato futures prices 1978. "Jack's" license plate: MR. SPUD. In farm depression, potatoes down; fertilizer, livestock battered; still believed worth more than $200 million. "I wouldn't sell for that, that's for sure."

Elbridge Hadley Stuart Jr.

Dwight Lyman Stuart

Brothers. Inheritance. Grandfather Elbridge Amos Stuart founded Carnation Co. 1899 in Kent, Wash. Purchased evaporated milk recipe for $25,000. Sales peaked 1984 at $3.4 billion incl. Coffee-mate, Instant Breakfast, Friskies; sold to Nestlé for $3 billion. Elbridge: Bellevue, Idaho. 69. Married to Marion Butler Stuart (noted paleontologist), 1 son. Carnation v.p. until 1961, left over clashes with father Elbridge Sr. Raises cattle, alfalfa on secluded ranch. Dwight: Beverly Hills. 62. Divorced, remarried; 3 sons by first marriage, 2 by second.

Eleven-year president, resigned 1983. Keeps low profile on 2,500-acre California ranch, grows alfalfa, cotton. Family owned 27% of stock when sold; Elbridge and Dwight control fortunes each worth at least $200 million.

Sy Syms

Syms Corp. Lyndhurst, N.J. 60. Married; 3 sons, 3 daughters. Brief broadcasting stint after college; joined family clothing store 1952. Left to open own shop 1959, featuring discount designer fashions (inexpensive manufacturing overruns): "An educated consumer is our best customer." Formula successful, now 15 stores; but stock now includes "cheapened overruns." Caveat emptor. Extended into ritzier realm with A. Sulka & Co. clothier purchase, 1980. Total sales more than doubled since then, 13% profit margin enviable. Went public 1983. With cash from offering, 80.2% of company, net worth at least $200 million.

William Gordon Bennett

William Norman Pennington

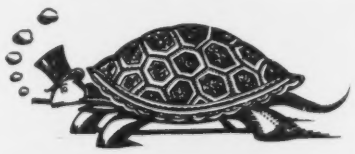
Circus Circus. Partners. Bennett: 61, Las Vegas. Pennington: 63, Reno. Both married with 2 children. Bennett managed properties for Del Webb; Pennington ran electronic gaming business. Teamed up, incorporated 1971 as Western Equities Co., distributed slot machines. Targeted Circus Circus as gambling casino hotel in "the recreation and entertainment business." Caters to middle-class families: inexpensive rooms, meals; live circus acts. Now 5 Nevada casinos. Unmatched 100% occupancy, incl. world's largest casino property (Circus Circus). Bennett: "This isn't gambling at all. It's hands-on retailing." Bennett, Pennington jointly own over 64%. With stock and proceeds from shares sold, each worth over $200 million.

Grover Connell

Food. Westfield, N.J. 68. Married, 3 children. Took over family business, Connell Rice & Sugar Co., 1950 (sales, $10 million). Now country's largest independent broker, trader in rice and sugar. Expanded into heavy machinery leasing, exporting. Recent drive into commercial real estate development, mostly N.J. Combined revenues now approach $1 billion. Once handled nearly all California's rice exports, 90% of South Korea's imports. Charges of illegal dealings with Korean wheeler-dealer Tongsun Park dismissed 1979. In Cuba with congressional group 1985 "merely to visit." Net worth at least $200 million. "I eat rice almost every day."

Edwin Lochridge Cox

Oil. Dallas. 64. Widowed; 2 sons, 1 daughter. Born Ark.; to Tex. and oil 1946. One of biggest independent oilmen; most production in Tex., La.; also Colo., Okla. Now frequently operates with son Berry, son-in-law of former Senator John Tower. Also former chmn. Keebler, Sedco. Former director LTV, Gillette, Dr Pepper, etc. Also Dallas civic, education boards: SMU named business school for him. Resigned as (founding) director InterFirst Corp. 1986 shortly after other son, Ed Jr., then director InterFirst subsidiary, got demand for collateral on his $80 million InterFirst loans. With oil sliding, possible exposure to son's troubles, net worth may be down to $200 million.



The oldest member of The Forbes Four Hundred is Dorothy Stimson Bullitt, 94.

Gerald Douglas Hines

Real estate. Houston. 61. Divorced, remarried; two children by first marriage, one by second. Building-systems engineer 1950s. Tried $16,000 conversion of frame house into offices; went full-time 1957. Worth $6 million when picked to build 50-story Shell Oil Houston office 1966. Built famed Galleria mall, went national 1970. Now owns or co-owns 70 million sq. ft., most commercial. Known for striking designs, top-notch architects (Philip Johnson, I.M. Pei). Selling downtown Houston towers to reduce exposure, buy distressed properties: "Now is the time to have a very fat war chest." Hurt by Texas bust, but still worth more than $200 million.

Seymour B. Durst

Roy Durst

David Durst

Brothers. Real estate. Father Joseph emigrated from Austria 1902, started Durst Organization 1915 to oversee handful of NYC buildings (d. 1974). Sons moved into midtown Manhattan office development 1940s; trailblazed Third Avenue. "My father always said never buy anything farther than you can walk, and we've done all our walking between 42nd and 50th Streets." About 100 properties: 4.5 million sq. ft. office space, est. $30 million cash flow. Also assembled large blocks around Times Square redevelopment. Believe market overpriced; cautiously waiting. Seymour: NYC. 73. Widowed, 4 children. Driving force among brothers; land assembler, urban historian, outspoken critic NYC zoning, rent controls: "The best thing you could do for New York City would be to pension off the Department of Planning." Roy: Scarsdale, N.Y., 67. Married, 3 children. Manages and oversees construction. David: Chappaqua, N.Y., 61. Married, 5 children. Handles building design, leasing. Next generation warming up with new midtown rental apt. building. Brothers equal partners in holdings worth at least $600 million; sister Alma has passive interest.

Norman E. Alexander

Sun Chemical Co. Scarsdale, N.Y. 72. Married, 4 children. Grew up in South Bronx, son of spats manufacturer. Law degree from Columbia, never practiced; entered family business, which had switched to leggings. Got into film distribution, sold out at profit; bought printing pigments firm, sold to Sun Chemical (world's largest producer of printing inks) 1957, became CEO, kept acquiring Sun stock. Failed in several takeover attempts; acquired control Chromalloy, became chair-

man 1980, plans to seek more shares through stock exchange offering. Alexander also owns Ampacet Corp. (small plastics company in Mount Vernon, N.Y.). Alexander's 33% stake in Sun Chemical worth over $200 million.

James Elsworth Davis

Winn-Dixie Stores. Jacksonville, Fla. 79. Married; 1 son, 1 daughter. Father William's Idaho general store sold on credit to compete with local Skaggs outlet, failed 1921. Opened grocery store in Lemon City, Fla., strictly cash, introduced Idaho potatoes; James kept books. Eight stores by 1931. Became Winn-Dixie 1955. Now largest nonunion grocer in U.S.: "The J.P. Stevens of the food industry." James chmn. until 1983; son A. Dano Davis pres. James still chairman American Heritage Life Insurance (45% stake). Davis and family *(which see)* own 50,000 acres in Jacksonville: game preserve, ranch with 60-head buffalo herd. Stock, other assets over $200 million.

To date, 11 present or former members of The Forbes Four Hundred, or their principal businesses, have filed under Chapter 11 of the Federal Bankruptcy Act.

William Shivers Morris III

Newspapers. Augusta, Ga. 52. Married, 3 children. Eldest son of William Jr., bookkeeper who rose from manager of Augusta *Chronicle* in 1931 to sole owner by 1955. Expanded; passed to family after death 1967. "Billy" bought out brother, sister, mother after family lawsuit 1970; founded Morris Communications. Rest of family started noncompeting chain, but Billy's more profitable: now 14 dailies, 4 weeklies, *Quarter Horse News*, printing companies. Bought Naegele billboard company for reported $300 million 1985. "I'm just a poor old southern boy trying to make a living." Despite debt, net worth exceeds $200 million.

Leonard Litwin

Real estate. NYC. Near 70. Married, 2 daughters. Started in landscaping business with father on Long Island (nurseries now valuable real estate). Branched into apartments with first high-rises on Manhattan's York Ave. Now owns some 3,800 prime Manhattan units, others in Queens. Builds rentals, refuses to co-op: "Everybody who has a job in New York can't spend $500,000 on a co-op." Now building three more high-rises Upper East Side. Net worth believed to exceed $200 million. "One of these days I'm going to make it. My friends will call me up and say, 'Lenny, you done good.'"

Frank Batten

Publishing, broadcasting. Virginia Beach, Va. 59. Married, 3 children. Nephew of Samuel L. Slover, who arrived Virginia 1900, was offered half-interest in newspaper if he made it profitable within year. Succeeded; built Landmark Communications. Raised nephew Frank, who took over 1954 at age 27. Reshaped, aggressively expanded the company; first cable franchise 1963. Now 10 daily newspapers (flagship *Norfolk Pilot/Ledger-Star*), 22 weeklies, 2 TV stations, 2 radio, over 470,000 cable subscribers, the Weather Channel, etc. Chairman Associated Press board. Only son, Frank Jr., general manager at Kentucky newspaper. Landmark bought back 39% of stock 1986; Frank's interest in the company worth at least $200 million.

Robert Orville Anderson

Oil, land. Roswell, N.M. 69. Married, 7 children. Father first banker to lend on oil in ground; Robert borrowed $50,000 in 1941, invested in refinery. Drilled 200 dry holes until big strike 1957. With proceeds bought over 1 million acres, mostly ranches, in N.M., Colo., Tex. Sold refinery to Arco predecessor 1962; went on board; became CEO 1965. Retired as chairman, then as director 1986 to form own oil co.: "I'm certainly not going to be a rocking-chair retiree." Selling off Arco stock, land. Wrote book on petroleum industry 1985. With proceeds from land sales, Denver real estate, net worth exceeds $200 million.

Philip Hampson Knight

Nike, Inc. Hillsboro, Ore. 48. Married, 2 sons. Promising miler at U. of Oregon. Researched potential of Japanese track shoes in U.S. market at Stanford B-school. With his old track coach Bill Bowerman, founded Blue Ribbon Sports 1963 with $1,000 to import Onitsuka Tiger sneakers; worked as auditor by day, sold sneakers from back of car weekends. Conflicts with Onitsuka led to decision to begin manufacturing own shoe; introduced waffle soles 1975, air-cushioned insoles 1979. Public 1980; company recovering after weathering downturn. "Orwell was right, 1984 was a tough year." Knight's holdings in Nike stock, plus proceeds from sales, worth $200 million.

Stephen A. Muss

Real estate. Miami Beach. 58. Married, 5 children. Inherited (with family) father's real estate empire in northern N.J., southern Fla. 1974. Trying to put glamour back into Miami Beach: extensive renovation Fontainebleau Hilton (he owns 75%) pushed occupancy over 80%. Opened Alexander Hotel 1983; first new Miami Beach hotel in 15 years, HQ for TV's *Miami Vice*; poor results, went back to bank. Also other Miami residences, land; many joint ventures with Equitable. Local power broker; heading effort to legalize casino gambling. Owns landmark Brighton Beach Baths in Brooklyn; proposed 2,200-unit development there 1986. Net worth $200 million.

The Forbes Four Hundred

Carlton Beal

Oil. Midland, Tex. 70. Married, 4 sons in business. Stanford engineer, cofounded BTA Oil Producers 1952 in La.; soon moved to Midland. Bought out partner "Moose" Trobaugh mid-1960s. Huge oil, gas reserves Tex., La., Okla., N.M.; believed to have many partners. Still drilling. Founded Midland Polo Club 1950s, was avid player. "In its heyday [early 1970s] the best place for polo in Texas." Built Midland's first helipad atop BTA's office: "With this, you can leave in the morning and be back in the evening, whereas you would have to drive for two days. It's the best way to travel in an oilfield." Worth at least $200 million.

August Christopher Meyer

Broadcasting. Champaign, Ill. 85. Married, 1 son. Made name as successful lawyer in hometown Champaign. Helped launch local TV station 1953; took over in order to rescue investment, eventually acquired 100%. Bought San Diego TV station 1964 for $11 million; now worth over $130 million. Midwest Television now owns 3 TV stations, 4 radio. All acquired by early 1960s. Local legend, chairman of family-controlled Bank of Illinois since 1962. August Jr. (Chris) running stations since 1976. With bonds, San Diego real estate, net worth over $200 million. "I got in just as an investor."

Athalie Irvine Smith

Inheritance, lawsuits. Middleburg, Va. and Emerald Bay, Calif. 53. Thrice divorced, 3 sons. "Joan" lost father age 2; raised close to grandfather James Irvine Jr.: "He ran his house and his company like a feudal court." J.I. inherited, built Irvine Ranch: 68,000 prime acres Orange County, Calif. At 24 she inherited 22%; 54% in foundation run by J.I.'s cronies. Fought cronies ever since, filing some 20 lawsuits against them. Joined Taubman-Allen-Bren *(all of which see)* buyout 1977, got $76 million cash. Bren bought control 1983. Offered her $110 million for rest; she wants more. "Within a lifetime, if you can count real friends on one hand, you're lucky." Net worth over $200 million.

Gertrude Ramsay Crain

Publishing. Lake Forest, Ill. 69. Widowed, 2 sons. Mrs. G.D. Crain Jr.: Husband (d. 1973) founded Crain Communications 1916. With Gertrude built venerable trade magazines *Advertising Age, Automotive News;* 20 other prosaic trade books (e.g., *Rubber & Plastics News*). Also local business papers, Chicago, Cleveland; New York venture launched 1985; bought, folded competitor, but still heavy losses. Sons Rance, 48, and Keith, 45, increasingly handle operations. Gertie: "I'm really just a figurehead." She remains chairman; with sons controls company worth $200 million. Rance: "I really doubt we'd get that much for it, but what do we know?"

Easy In, Easy Out Tennessee.

With two major airline hub cities and a centralized location, Tennessee offers important transportation advantages. Now that Northwest Orient and American Airlines have major hubs in Memphis and Nashville, you can fly in and out virtually any hour of the day.

Tennessee is also served by seven Interstate highways and major waterway systems. Plus we have excellent rail service. And by placing you within one day's delivery of three-fourths of the major U.S. markets, a Tennessee location can help you cut transportation costs.

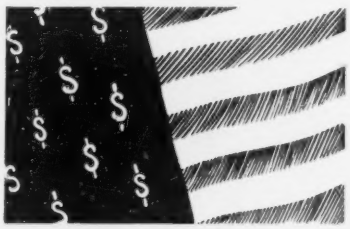
There are other advantages, too. Things like a right-to-work law and a skilled labor force motivated by a powerful work ethic. And the fact that there is no personal income tax.

We'll gladly tell all. Simply write Mike DuBois, Economic & Community Development, 320 Sixth Ave. North, Suite 802B, Nashville, Tennessee 37219, or call him at 1-800-251-8594.

Yesterday's values. Tomorrow's jobs.
Tennessee

James Emmett Evans

Citrus. Dade City, Fla. and Highlands, N.C. 86. Married; 1 son, 1 daughter. Georgia Ford dealer packed suitcase into Model T, headed to Fla. with $500. Bought first orange grove 1920 *(see also Berry, Griffin)*. Now over 20,000 acres productive citrus groves in 7 counties. Lost up to 3,000 acres to freezes, but still expanding: 10,000 acres young groves. "I've got everything in the South except for my office building." "The Wheel" loves to deal, track the commodities market. Drinks little orange juice: "I'd rather sell it." Plays gin rummy with old friends in garage. Despite down citrus market, net worth should exceed $200 million.



The states with the largest concentrations of members of The Forbes Four Hundred:
New York 83
California 51
Texas 42
Florida 22
Illinois 21
Pennsylvania 15
Delaware 13

Edmund Newton Ansin

Broadcasting. North Miami. 50. Divorced, 3 children. Grandson of Massachusetts shoe manufacturer. Father Sydney joined business, started buying Florida property 1940s. With Wharton-fresh son Edmund (other son, Ronald, has no interest) bought control Miami TV station (NBC) 1962 for $3.4 million; now worth nearly $200 million; little apparent debt. Edmund took reins after father's death 1971. Majority interests in 2 Calif. radio stations; also well-hidden Florida real estate. Civic-minded, publicity-shy, very low-key: "And that's the way I like it." His 100% Sunbeam TV Corp. worth over $200 million; one-third held in trust.

Under $200 Million

Seward Prosser Mellon
Richard Prosser Mellon
Cassandra Mellon Milbury

Brothers and sister. Inheritance. Ligonier, Pa. Surviving adopted children of Richard King Mellon, dominant businessman in family of his generation, grandson of Judge Thomas Mellon (d. 1908). R.K. guided family empire from 1930s to death 1970. Seward (Pross): 44. Divorced, remarried; 2 daughters by first wife. Trained in trust department Mellon Bank after Susquehanna U., now director; also president family investment firm, Richard K. Mellon & Sons. Richard (Dick): 47. Divorced, remarried; 2 sons. Tried banking, left to pursue conservation and oceanography. Chairman, Richard King Mellon Foundation, family philanthropic organ. Cassandra (Mrs. Edwin Van R. Milbury): 46. Widowed, remarried; 2 children by first marriage. Active in philanthropy, public affairs. Beneficiaries of trusts on death of father, mother Constance (d. 1980). Combined net worth believed to exceed $585 million. *(See also other Mellons, Currier, May, Scaife.)*

John Davison Rockefeller IV
Sandra Ferry (Rockefeller)
Hope Aldrich (Rockefeller)
Alida Rockefeller Dayton

Siblings. Inheritance. Great-grandchildren of John Davison Rockefeller, founder Standard Oil Trust; children of philanthropist John D. III (d. 1978). John IV (Jay): Washington, D.C. and Charleston, W. Va. 49. Married, 4 children. At 6'6½", Democrat, stands out in Rockefeller crowd. Former governor of W. Va. (1977-84), despite opponent Arch Moore's bumper stickers: "Make him spend it all, Arch." Now U.S. senator (spent over $12 million on race), rumored to think of presidency. Inherited father's love for Asian culture. Worked as Peace Corps adviser, Appalachian social worker. On being a Rockefeller: "I've never felt uncomfortable with it." Wife is daughter former Senator Charles Percy (R–Ill.) and board member Corp. for Public Broadcasting. Sandra: Cambridge, Mass. 51. Single. Reclusive, dropped Rockefeller name 1959, furious to learn trust not hers to give away. Traveled Europe as "impoverished" college student. Hope: Woodstock, Vt. 48. Divorced, 3 children. Lives quietly near one of uncle Laurance's Rock-resorts; prefers not to use Rockefeller name. Alida (Mrs. Mark Brandt Dayton): Minneapolis. 37. Married, 2 children. Husband (recently separated) an heir to Dayton dept. store fortune *(see Dayton)*. Four siblings' share in Rockefeller fortune estimated over $760 million. *(See also other Rockefellers, Thorn, O'Neill.)*

Arthur Mitchell Sackler

Business, art, publishing. NYC. 73. Divorced, remarried; 4 children. Brooklyn-born, M.D. at NYU, pioneered biological psychiatry, diagnostic use of ultrasound; identified histamine as hormone; founded Creedmore Institute Psychological Studies. Owns several medical publications; sold one-third interest *Scientific American* for $17 million 1986. Interests in small pharmaceutical company, ad agency, bank. Real passion, anchor of known fortune: art. Collection of primitives one of world's finest; Asian jades and metal works; etc., etc. Donated galleries to Harvard, Smithsonian.

"I am interested in science and art, not money." Fortune believed over $190 million.

Virginia McKnight Binger

Inheritance. Wayzata, Minn. and Manalapan, Fla. 70. Married, 3 children. Only child of William McKnight, South Dakota boy who became key executive in troubled sandpaper company, now Minnesota Mining & Manufacturing. Died 1978. He and wife left $500 million, $340 million to foundation run by Virginia *(see also Orduay)*; assets now $629 million. Husband James, 70, rose to head Honeywell, Inc.; also on Northwest Airlines board. Retired, runs 5 Broadway Jujamcyn Theaters. Together operate top-class Tartan horse farms Ocala, Fla.; Lexington, Ky.: best horse Dr. Fager holds U.S. record for the mile. With 1 million shares 3M stock up 40%, worth at least $190 million. "I don't go into all those details."

Bolton Kleberg Johnson

Ranching, inheritance. San Antonio and La Pryor, Tex. 56. Married, 3 children. Cowboy preppie: raised roping calves; Ivy League stints. Uncle Bob Kleberg, King Ranch patriarch, adopted him as protégé, pointedly willed him his boots. Family chose less dominant personality as successor 1974; "B" sold his 12% share to family for $70 million. Already owns substantial interests: 67,000-acre Chaparrosa Ranch, other Tex., Calif. land; 15,000 head cattle (champion Santa Gertrudis breeder); oil. Also 60% San Antonio Hyatt, rural banks, agricultural consulting, part of Rockefeller Center. Director AT&T, Campbell Soup. Prefers home on the range: "I'm just away from the ranch temporarily." Meanwhile, net worth exceeds $190 million.

Raymond George Chambers

Leveraged buyouts. Morristown, N.J. 44. Married, 3 children. Toured with rock band during college, worked as accountant, set out on own 1968. First venture: nursing home company; had small fortune when met William Simon *(which see)* 1980. Together as Wesray, Simon provided connections, Ray became the numbers man. Engineered LBOs to take over, sell or restructure companies; hugely successful. Friction between principals downplayed by Ray: "Bill Simon and I will be partners for life." Time to check pulses: Simon in large Hawaii S&L deal without Chambers. Ray's share of triumphs to date believed over $185 million.

Abby Milton Rockefeller O'Neill

Inheritance. Oyster Bay, N.Y. 58. Married, 6 children. "Mitzi" one of two daughters of Abby (Babs) Rockefeller Mauze, oldest child, daughter John Davison Rockefeller Jr., heir to Standard Oil fortune. Babs made stir dropping "obey" from wedding vows 1925. Mitzi active in social, philanthropic causes, including youth and family counseling. Trustee Rockefeller Brothers Fund, Colonial Williamsburg. Her personal wealth reportedly well managed by husband George D. O'Neill. Fortune estimated over $185 million. Her two nieces, Laura Simpson Thorn, Abby Rockefeller Simpson, daughters of sister Marilyn Milton Simpson (d. 1980), believed to split similar fortune. *(See also other Rockefellers.)*

Thomas H. Dittmer

Commodities. Lake Forest, Ill. 44. Married, 2 children. Grew up in Sioux City. Began as runner on Chicago Mercantile Exchange mid-1960s. As clerk, mistakenly bought 100 egg contracts. Big loss saved by unexpected rally in eggs, made $165,000, bought seat on Merc. Formed agricultural commodities trading firm 1969, bought controlling interest 1974. Formed Refco Group 1985: commodity futures, stock index options, foreign currencies, controlling interest in nation's largest cattle feeding operation. Paid $525,000 settlement in 1982 to CFTC for exceeding trading limits. Knowledgeable peers say net worth is far more than $185 million.

David Theodore Chase

Real estate, media, manufacturing. West Hartford, Conn. 57. Married; 2 children. Born David Ciesla in Kielce, Poland, survived Holocaust; lost parents, sister to Nazis. Arrived U.S. 1946, spoke six languages. Worked as door-to-door salesman; then, small-time contractor. Developed shopping centers early 1960s, Hartford office tower 1970s; diversified into radio stations, 1 TV station (Memphis), cellular radio, bank, stock portfolio. Daughter Cheryl chief counsel, son-in-law Roger Freedman exec. v.p. Much spun off to kids (about $100 million each). Chase still runs show, worth $185 million. "Family is the most important thing."

Monroe Gary Milstein

Burlington Coat Factory Warehouse. Burlington, N.J. 60. Married, 3 sons. Graduated NYU. Followed father, New York coat wholesaler, into business, bought failing Burlington Coat Factory store 1972 for $750,000. Took chain of 38 off-price apparel stores public in 1983, pocketing over $65 million, kept over 60% of shares; now 86 stores. Lost 1984 takeover battle for Washington, D.C. chain Woodward & Lothrop to Alfred Taubman *(which see)*. Lives without ostentation, maintains small office; keeps family close. "I'm fortunate enough to enjoy what I do—if you can do that, it's like always being on vacation." Net worth is at least $185 million.

Steven Paul Jobs

Computers. Woodside, Calif. 31. Single, 1 daughter. Left college to travel, brief stint with Atari. Returned U.S. 1974, looked up friend Steve Wozniak, designer Apple I. Woz and Jobs designed Apple II for consumers, formed Apple Computer 1976. Macintosh 1984 aimed at displacing IBM PC. Bringing in John Scully from PepsiCo as CEO led to fight for control, Jobs' departure 1985. Has formed Next, Inc., designing "scholar's workstation" geared toward universities; aiming to release first product 1987. Jobs also heads Pixar Computers (high-quality graphics capability for films). With Apple holdings, proceeds from sales of stock, Jobs worth around $185 million.

John Harold Johnson

Publishing. Chicago, Palm Springs. 68. Married, 1 daughter. Arkansas-born son of widowed housekeeper. In Chicago, worked at insurance company for $25/week after high school. Pawned mother's furniture for $500 to launch *Negro Digest* 1942 (published to 1982). Started *Ebony* 1945. Today Johnson Publishing also owns *Jet*, 3 radio stations, cable, Fashion Fair cosmetics: country's biggest black-owned business *(see also Berry Gordy)*. Daughter Linda, 28, being groomed for top spot: "She agrees with me 95% of the time, so I think she's smart." Father likes to cook, prefers soda to beer. With real estate, net worth should exceed $185 million.

Austin Owen Furst Jr.

Vestron, Inc. New Canaan, Conn. 43. Married, 3 children. Time Inc./HBO veteran left to form own company with video rights to Time's film library. Rode VCR wave to become leading independent home-video publisher: three top-ten *Billboard* hits in first year, including movies by Paul Newman, Richard Pryor and Burt Reynolds, all from Time vault. Next coup: Cut deal with fledgling Orion Pictures 1982. Vestron went public fall 1985 amid controversy on offering price, Furst's proposed cash-out of over 5 million shares. After lower price, decision to hold all his stock, has shares worth over $185 million. "I build businesses."

Mary Fendrich Hulman

Inheritance. Terre Haute, Ind. 81. Widowed, 1 daughter. Grandfather started Fendrich Cigar Co. 1915, shut down WWII after overseas operations were bombed. Married Anton Hulman Jr. 1926 (d. 1977), ran family wholesale grocery business Hulman & Co. "Tony" bought Indianapolis speedway for $750,000 in 1945. "The track was bought in the way people buy polo ponies." Mary still chairs Indianapolis Speedway Motor Corp.; also controls Wabash Valley Broadcasting Corp. (2 TV stations, 2 radio, acquiring additional TV station). With real estate, investments, net worth at least $180 million. Most public moment—when she opens annual Indy 500 race: "Gentlemen, start your engines."

Irwin Lawrence Jacobs

Arbitrage, investments. Minneapolis. 45. Married; 1 son, 4 daughters. Son of Russian immigrant on Minneapolis' north side. College dropout; apprenticed in family's grainbag business. Gained local notoriety as shrewd trader of closed-out merchandise. Acquired Grain Belt Breweries 1975. As beer profits flattened, liquidated assets, made $4 million: "Irv the Liquidator." Bought control Minstar 1978. Main vehicle for greenmail—Pabst, RCA, Kaiser Steel, et al. Once kept Mickey Mouse phone behind desk as memento of $30 million made from Disney raid. Business partner is Minneapolis investor Carl Pohlad *(which see)*. Net worth believed over $180 million. "I'm not out to conquer the world."

Richard Wagstaff Clark

Rock 'n' roll, TV. Malibu and NYC. 56. Twice divorced, remarried; 3 children. Philadelphia disk jockey, owes start to Bob Horn. Got ABC to run *American Bandstand* 1957. Became hitmaker ("It's got a good beat, and you can dance to it") with

World's most comfortable slacks—anywhere!

Styled in pure wool.

You're in a tough new ballgame every day. In and out of the office you always play for keeps. You deserve the comfort of Sansabelt. Only Sansabelt slacks have the famous patented waistband. You get legendary comfort along with great style and the wonderful quality of pure wool.

SANSABELT

The sewn-in Woolmark label is your assurance of quality-tested fabrics made of the world's best Pure Wool.

JAYMAR RUBY INC.

interests in many songs plugged on air; forced to sell music companies in 1960 payola scandal. Dick Clark Productions now 170 hours/year TV programming: awards shows, made-for-TV movies, *TV's Bloopers*, etc.: "I don't make culture. I sell it." Also majority United Stations Radio Networks. "America's Oldest Living Teenager": "It would be nice to be allowed to age gracefully." Net worth over $180 million.

M. Larry Lawrence

Real estate. San Diego, et al. 60. Twice divorced, remarried; 3 children. Delivered groceries age 9 on Chicago's North Side during Depression; later clerked after school, weekends. College on football scholarship. Carpentry led to construction; developed in Chicago, then moved west 1953. Built over 11,000 "affordable" units, mostly in Calif. under Riderwood name. Labor of love: San Diego's posh Hotel del Coronado, worth over $150 million; constant renovation: "If I don't hear the hammers, something's wrong." Also Palm Springs Racquet Club, large stock and bond portfolio, other real estate. Net worth at least $180 million.

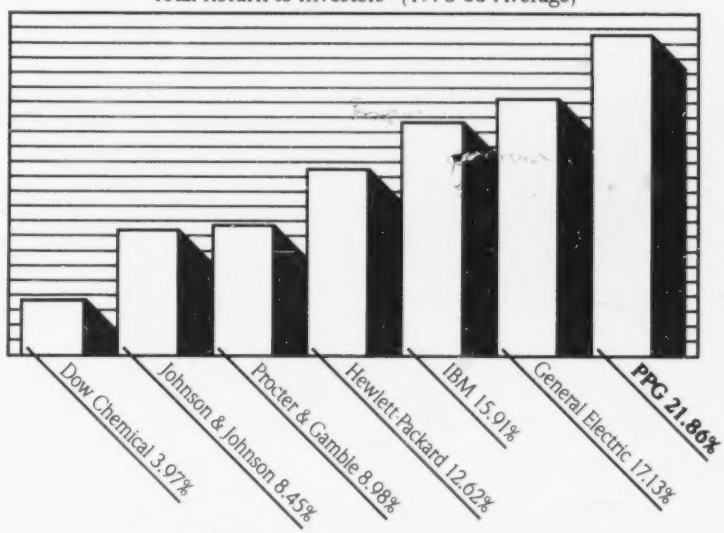
Berry Gordy

Motown Record Corp. Los Angeles. 56. Twice divorced; 6 children. High school dropout, briefly featherweight boxer. Opened first record store 1953, bankrupt 1955. Borrowed $700 from family, founded Motown Records 1959 in Detroit office. Slept upstairs, produced records downstairs. First million seller: "Please, Mr. Postman." Since, over 100 No. 1 hits. "All our records had to be hits because we couldn't afford flops." Thrived on "Detroit sound": Diana Ross, the Jacksons, Stevie Wonder. Moved to LA, started film business early 1970s. Motown revenues now near $150 million. With copyrights, music publishing, net worth should exceed $180 million.

Clarence Douglas Dillon

Investments. Far Hills, N.J. 77. Widowed, remarried; 2 children by first wife. Father Clarence (d. 1979) Wall Street power, Morgan nemesis

Surprising PPG:
Better total return to investors than some big names.



Since 1975, PPG Industries has had a higher average total return to investors than Dow Chemical, Procter & Gamble, IBM, Hewlett-Packard or GE.*

Surprising? Perhaps. But successful performance has always been a PPG hallmark.

And our plans for the future are no less surprising.

If you'd like to find out more, just complete and mail the coupon to receive our brochure, "Quality Growth for the Decade Ahead."

Or call James F. Compton, Director of Investor Relations, at (412) 434-2120.

We had to work hard—and smart—to achieve our success. Because the competition has never been tougher.

PPG Industries, Inc.
Corporate Communications Department LCM 33
One PPG Place, Pittsburgh, PA 15272

I want to know where PPG Industries is going. Please send me your financial brochure.

Name_____

Company_____

Address_____

City_____ State_____ Zip_____

☐ Individual Investor ☐ Institutional Investor ☐ Broker

*According to FORTUNE magazine, based on annually compounded averages—including both stock price appreciation and dividend yield when reinvested on payable dates.

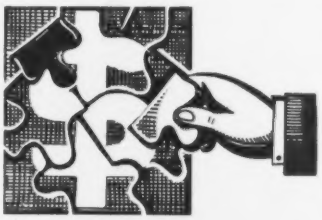
1920s; president of what became Dillon, Read & Co. Son Doug Dillon ambassador to France 1953-57, Treas. Sec. 1961-65. Longtime chmn. (to 1983) Met. Museum of Art during large-scale expansion. Confidant of Rockefellers. Sold interest in Dillon, Read to Bechtels *(which see)* in 1981. Liquidated 33%-owned U.S. & Foreign Securities 1984. Daughter Joan, Duchesse de Mouchy, runs family-owned Château Haut-Brion vineyards. Net worth, including securities, real estate, believed over $180 million.

Armand Hammer

Entrepreneur. LA, NYC, Moscow. 88. Twice divorced, remarried; 1 son by first wife. Bronx-born to Russian immigrants. Father active in Socialist Labor Party; young Armand to Russia after med school 1921, traded grain for gems, furs, Soviet-granted pencil monopoly. Friendship with Lenin preserves ongoing Russian entrée. Returned with millions in art. Sold liquor, cattle, oil and gas. Bought frail Occidental Petroleum after brief retirement 1950s. Now over $14 billion sales. "Knowing top leaders pays off if you have problems with bureaucrats." Tired of questions about Arm & Hammer baking soda, purchased piece of manufacturer Church & Dwight 1986. Doesn't like talking about retirement. With art, Occidental stock, other holdings, net worth believed over $180 million. "I'm worth plenty."

Jerome Kohlberg Jr.
Henry R. Kravis
George R. Roberts

Partners. Leveraged buyouts. Jerome Kohlberg left Bear, Stearns 1976 with George Roberts to establish LBO firm. With Roberts' cousin Henry Kravis, brother-in-law Robert McDonnell, run Kohlberg Kravis Roberts, voracious acquirer of companies: Beatrice Cos. takeover in 1986 was the largest ($6.2 billion) such deal ever; now liquidating brand-name (Tropicana, Wesson, et al.) colossus; it was KKR's first hostile leveraged buyout. Also Storer Communications, troublesome Union Texas Petroleum 1985. Collects fees for management; maintains "Garbo-like secrecy." Jerome: Westchester County, N.Y. 61. Married, children. "Patriarch" of firm; pioneered leveraged buyouts. Son James KKR executive. Henry: NYC. 42. Divorced, remarried; 3 children. Tulsa-born son of oil geologist. Most accessible of partners. Collects art, on board of New York City Ballet. "Management buyouts are very good for corporate America. What is wrong with a management making a lot of money?" George: San Francisco. 43. Married, 3 children. Worked under Kohlberg at Bear, Stearns. Oversees West Coast operations. Each partner is worth over $180 million. McDonnell also has interest.



The total estimated net worth of The Forbes Four Hundred is $156 billion. In comparison: Total federal "safety net" 1986 budget (welfare, food stamps, unemployment, housing, etc.; excluding Social Security): $151 billion
Total assets Citicorp: $183 billion
GNP of Mexico: $158 billion
Estimated 1986 federal budget deficit: $202 billion

Great Family Fortunes

Some major U.S. fortunes have already been so divided among heirs that no individual among them qualifies for The Forbes Four Hundred, yet the families either show enough cohesion or are widely enough thought of as families of great wealth to merit consideration as entities. Those examined in our research follow. The listing is extensive but not intended to be as complete as our listing of the richest individuals in America. Think of most as the significant echoes of persons who would have been members of The Forbes Four Hundred list if it had been compiled in earlier decades.

Bancroft

Inheritance. Great-grandchildren of Clarence Barron (d. 1928) (as in *Barron's* magazine). Acquired Dow Jones & Co., which publishes *Wall Street Journal* and *Barron's*, Ottaway newspapers, Richard D. Irwin textbook publishing. Clarence's adopted daughter Jane married Hugh Bancroft (d. 1933). Fortune split among 3 children: Jane Bancroft Cook (*which see*), Jessie Cox (d. 1982, *see William Cox Jr., Jane Cox MacElree*), Hugh Bancroft Jr. (d. 1953). Hugh's 4 children share his third: Bettina Klink, Los Angeles, a director of Dow Jones. Hugh, Newport Beach, Calif., designs and builds antique car kits. Chris runs real estate company, ice cream shops in Denton, Tex. Kathryn Kavadas, Newton, Mass., active in fine arts, philanthropy. Trusts hold $560 million Dow Jones Inc. stock.

Belk

Charlotte, N.C. Descendants of William Henry Belk, opened general store Monroe, N.C. 1888, and brother John, who joined him. Gave no credit, bought out, for pennies on the dollar, rivals who did, especially during Great Depression. Opened 125 stores 1929-40. About 25 family members share in ownership 350 stores throughout Southeast. Most separate corporations, some shared with local owner-managers, family trying to bring many under umbrella of Belk Brothers Investments; total was 380 a year ago. Eccentricities and family feuds: "Pure southern Gothic." William Henry Jr. ousted as chairman 1950s, tried to thwart brother John's mayoral bid 1969. Failed; John mayor until 1977, now chairs company. William Irwin Belk, John's nephew, made unsuccessful try for Democratic nomination to U.S. Senate 1986. Family fortune over $350 million.

Bel.

Memphis. Three generations in real estate. Philip, 82, came to U.S. from Austria 1910. Began buying land early 1940s; holdings grew along with Memphis. Expanded into Nashville 1970s, likely largest landlords in Tennessee; over 750 tracts Memphis' Shelby County alone. Rarely sell, eschew joint ventures and debt. Early developers industrial parks. Motels (Holiday Inns), shopping centers, office buildings, apartments, farmland; recently off-price outlet malls across U.S.; expansion to New York City a possibility. Two sons killed plane crash 1963; third, Jack, 58, now runs firm with relative. Tightly knit, religious, secretive. Jack denies, but fortune believed to exceed $300 million.

Bingham

Newspapers. Descendants of Robert (Judge) Bingham, lawyer who settled in Louisville 1896, eventually mayor. Bought majority the *Courier-Journal* and the *Louisville Times* for $1 million 1918; papers supported liberal views (d. 1937). Youngest son Barry Sr. took over, also liberal; bought out siblings, expanded into broadcasting. His 3 surviving children split in much-publicized breakup 1986: Granddaughter Sallie, 48, threatened to sell her 15% to outsiders after brother Barry Jr., 53, purged her from board. Barry Sr. stepped in, orchestrated liquidation: sold *Courier-Journal* and *Times* for $300 million; broadcast interests, over $100 million; printing company, $20 million. "In bringing up my children, I somehow did not get across to them that people have to make compromises." At least 14 family members share fortune worth over $375 million.

Block

Toledo, Pittsburgh. Father Paul Sr. built newspaper chain from 1915; had to sell most during Depression. Sons, both Yale grads, took over after father's death 1941. Paul, 75, cochairs *Toledo Blade* (circ. 161,000). Ph.D. chemistry; politically conservative. Bill, 71, started at *Blade* 1937; Pittsburgh *Post-Gazette* (circ. 173,000) since 1946. Politically liberal. Supervises *Post-Gazette* editorial policy; "the rest is a glorified complaint desk." Jointly own both papers, smaller Calif. paper, 4 TV stations, cable now over 110,000 subscribers. Estimated joint net worth over $325 million.

Brown

Louisville. Descendants of George Garvin Brown, founded J.T.S. Brown & Brother 1870 with cousin, distilling Old Forester whiskey. Several name changes; became Brown-Forman 1890. Over years acquired Jack Daniels, Bolla and Cella Italian wines, Korbel brandy and champagne; Lenox China 1983 (initiating poison-pill defense); California Cooler 1985. Five members of the Brown family on the board, W.L. Lyons Brown CEO since 1975, Owsley Brown president. "Planned nepotism" maintains family's dominant voice in directing company policy. "In whiskey or people it's maturity that counts, not just age." Family owns approximately 50% of company stock valued at $560 million.

Buck

California, et al. Scattered descendants of orchard magnate Frank Henry Buck, who invested $250,000 in Belridge Oil 1911. Family received $665 million from 1979 Shell buyout: San Francisco Foundation got $253 million through second-generation Beryl (d. 1975), on stipulation that money must be spent in already affluent Marin County (lawsuit to change terms dropped 1986). Eva, 88, widow of California congressman Frank (d. 1942), got largest share: some $70 million aftertax. Next generation shares the rest. Frank Jr., 74, former investment adviser, manages some family funds—"you might as well make your own mistakes"—but "everyone's independent in this family." Six descendants together worth over $330 million.

Cabot

Boston area. Descendants of shipbuilder John Cabot, who came to Mass. from isle of Jersey 1700. Family involved in privateering during American Revolution, then amassed wealth through overseas trade ventures, marriage. Leading entrepreneur Godfrey Cabot ("Uncle God") started predecessor to Cabot Corp. in 1882; world's largest producer of carbon black. Also high-performance metals, oil and gas. Louis Wellington Cabot chairman, 2 other relatives on board. Distinguished family members include Henry Cabot Lodge, former senator and U.N. ambassador, and Walter Cabot (who manages Harvard's endowment). Family holds about 40% stock in Cabot Corp. worth over $350 million.

Family Fortunes

Campbell

Hawaii and elsewhere. Teenage adventurer James Campbell left Ireland as stowaway on schooner to U.S. 1839; landed in NYC to work for brother. Roaming spirit: journey to Hawaii 1850 interrupted by shipwreck, narrow escape from cannibals. Established sugar plantation, pioneered artesian well. Began collecting raw land despite critics who doubted value. Paid off: soon recognized as "Kimo Ona-Milliona" (James the millionaire) by natives. Estate now owns some 82,000 acres, including 13% of Oahu. At least 14 heirs share income from properties. After death of James' last daughter, now 91, estate will dissolve; 30 to 50 relatives expected to split fortune worth in excess of $400 million.

Cargill, MacMillan

Origin: Minneapolis. Founder William W. Cargill, son of Scottish sea captain. Born on Long Island, moved west, set up Cargill, Inc. 1865, quickly rose to top of midwestern grain trade. Across-the-street neighbor John Hugh MacMillan married Cargill's daughter 1895, became company president on William's death 1909. MacMillans more active in what is now largest private company in U.S., one of world's largest grain traders. 1985 revenues over $32 billion. Second-largest boxed beef processor; steel mills. Company pushing for revamp of govt. farm policy: increase grain exports; keep prices up amid world oversupply. Cargill and MacMillan families own 85% company, 3 main branches 75% worth over $1.8 billion. Other branches hold 10% *(see individual Cargills, MacMillans, Keinath, Pictet).*

Chandler

Los Angeles, et al. Fortune derives from Times Mirror holdings. *Los Angeles Times* incorporated 1884 by publisher Harrison Gray Otis. Harry Chandler married Otis' daughter, established media/real estate empire. On death, 1944, split company fortune among 8 children (7 now deceased). Grandson Otis recently stepped down as chairman and editor-in-chief; currently working with disadvantaged/disabled children, traveling. Company has diversified into book publishing, broadcast television stations and cable TV. Currently controls 9 newspapers including *Newsday* (N.Y.), *Denver Post*, recently acquired *Baltimore Sun*. "Expansion, Quality, and Profit." In addition to Ruth Chandler von Platen *(see Dropouts)*, nearly 100 descendants share in trust worth over $1 billion.

Chaus

New York. Sportswear. Brooklyn-born blouse manufacturer Bernard Chaus and savvy buyer Josephine Augello founded Bernard Chaus Inc. 1975 to provide "affordable clothes for the working woman." Hunch worked: first year sales $2.2 million. Partnership worked as well: married 1978. Chauses took $275 million (sales) firm public in July, pocketed $71 million. Today nearly 100 Chaus boutiques at major department stores selling conservative classic items—Josephine blouses, silk dresses—to fashion-minded professionals. "We don't need to be trendy." Chairman Bernie, 57, handles sales; president Josephine, 34, design and production. With 62% Chaus Inc., real estate, Chaus Racing Stables, Impressionist paintings, etc. worth over $300 million.

Cohen

NYC area. Brothers Sherman and Ed Cohen quit William & Mary College for men's retail clothing in Va.; started Westchester construction company 1954, built midrise apt. buildings. Now own, develop large midtown Manhattan office properties, like 666 Fifth Ave. Building 31-story office tower across from Bloomingdale's ("Brain surgery is easier than site assemblage today"). Also 1,100 apts. on Roosevelt Island, their first housing venture in 13 years. Sherman, 63, dominant brother, financier. Edward, 66, construction chief. Sherman's son Charles now president, other children also in business. Brothers share net worth over $350 million; Estelle Cohen, widow of eldest brother Mortimer (d. 1976), has passive interest in early projects worth $50 million.

Coors

Golden, Colo. and elsewhere. Adolph Coors Co. founded by German immigrant Adolph Coors 1873. Went public in 1975; 2 grandsons, 3 great-grandsons run company while extended family holds 70% of stock. Own largest single brewery in the world, 5th-largest U.S. beer producer (1985 sales, $1.3 billion). Market originally limited to western U.S., now 45 states. In 1959 introduced aluminum can, became industry standard. Heritage Foundation (conservative think tank) founded with $250,000 grant from archconservative Joseph Coors, grandson of founder. Company launched multitude of social programs and policy reforms 1984 in response to boycotts stemming from claims of discriminatory practices: "We don't intend to become a dead giant." Family stock holdings, other assets exceed $600 million.

Copeland

Delaware, Washington, D.C. Wife and children of Lammot du Pont Copeland. His mother, Louisa du Pont, received share of brother Pierre's fortune; father Charles Copeland business associate and ally of Pierre *(see other du Ponts, family)*. Matriarch Pamela Cunningham Copeland lives in grand "du Pont" style. Lammot Jr. (Motsey) filed huge personal bankruptcy 1970, protected by inviolate trusts from losing everything. Along with brother Gerret, sister Louisa Duemling, share in fortune believed at least $350 million.

Cowles (Gardner)

Des Moines, Minneapolis, NYC area, et al. Descendants of founder Gardner Cowles Sr., who bought frail *Des Moines Register* 1903 for $110,000; eliminated competition, added evening *Tribune*, built respectable paper (d. 1946). Sons John (d. 1983) and Gardner (Mike) Jr. (d. 1985) took over after father's death, aggressively bought radio stations

during 1930s; bought *Minneapolis Star* 1935. Third generation competed with one another; lost some papers, profits, family unity. John Jr., 57, ousted as *Star* publisher 1983. Liquidating ever since: Sold Cowles Broadcasting 1984 to Oveta Culp Hobby *(which see)*, flagship *Register*, other properties to Gannett for about $300 million 1985. Founder's grandson David Kruidenier, 65, chairs public Cowles Media Co. Over 70 family members share fortune exceeding $425 million.

Cowles (William)

Spokane. Descendants of William Hutchinson Cowles (distant relative Gardner Cowles), young "police reporter" for *Chicago Tribune*, moved west 1891 to new Spokane paper (father was treasurer). Bought into paper; gained full control *Spokesman-Review* 1894. Bought timberland; started Inland Empire Paper Co. Bought rival *Chronicle* 1897. President Truman called *Spokesman* one of "two worst papers in the country." "We took it then as a compliment." William Jr. added radio 1946, TV 1952. Grandsons: James, 52, handles real estate; brother William III, 54, runs papers, maintains family's low profile. Cowles Publishing Co. now over 450,000 circ., TV station, retail space, timberland, undeveloped land. Sold 2 radio stations 1986. Also large stake Tribune Co., etc. Eight descendants share fortune (most in trust) worth over $300 million.

Cullen

Houston. Descendants of Hugh Roy Cullen, legendary wildcatter; hit 500-million-bbl. Tom O'Connor field early 1930s. Strategy: Drill abandoned dry holes deeper, find the oil. Founded Quintana Petroleum 1932. Only son killed in 1950 oilfield accident. "Selfishly" gave away 93% of $200 million fortune on death 1957. Big benefactor: U. of Houston. Three daughters; their families built up immense oil & gas reserves again, mainly Tex., La. Baron Ricky di Portanova, son of fourth, estranged, daughter (d. 1966), lost suit 1984, with mentally incompetent brother Ugo, for big chunk of fortune; must get by on $25 million annual income. Quintana now run by executive committee, sans president. Son-in-law Corbin Robertson leads family of more than 50 members. Even with oil woes, worth more than $1 billion.

Davis

Jacksonville, Fla. and various. Own 21% of Winn-Dixie stores, run by descendants of William Milton Davis, who bought his first grocery store on borrowed cash in 1925. Went public as Table Supply stores 1933. Now largest Sunbelt food retailer: over 1,200 supermarkets, 13 states. A. Dano Davis president, Robert D. Davis chairman; 4 relatives on board. 52nd year of record sales ($7.8 billion in 1985). All employees encouraged to buy stock: "We have made a great effort to turn our Winn-Dixie people into capitalists." Largest nonunion grocer in U.S. Maintains one of nation's largest political action committees. Also 30% American Heritage Life through family holding co. DDI Inc. Excluding James Davis' holdings *(which see)*, family worth more than $300 million.

Dayton

Minneapolis. Dayton-Hudson Corp. Grandfather George Draper Dayton founded Dayton's department store 1902. Transferred control to son, George Nelson, 1938. George raised 5 sons on isolated 800-acre farm to instill familial ties, cooperation. All sons were in the business by 1950. Additional store 1954; opened first enclosed mall, Southdale, 1956. Thereafter expanded through several retailing outlets: Target, Mervyn's, Lechmere, B. Dalton Booksellers. Went public 1967. Company tradition: donating 5% taxable income to community philanthropies. Last brothers retired from management 1983. "One of the ways we keep the family strong is to avoid discussing politics anymore." With stock, proceeds from sales of stock, fortune exceeds $875 million.

de Young

San Francisco, et al. Descendants of Michael H. de Young, who started *San Francisco Chronicle* 1865 with brother Charles. Paper "entertained" public with local scandals, mudslinging. Charles shot dead in office 1880 by angry reader. Another reader tried to shoot Michael. De Youngs long feuded with rival Hearsts *(which see)*; now jointly publish Sunday edition to save costs. Mild-mannered great-grandson Richard T. Thieriot, 44, family head, publisher since 1977. Chronicle Publishing Co. now owns 3 TV stations, 3 dailies, cable, book publishing, real estate, etc. Fewer than 30 descendants, none with de Young surname, share fortune worth $450 million.

Dikeou

Real estate. Denver and Orlando, Fla. Pronounced "D-Q." Father Panayes (Pete) emigrated from Greece 1921, wholesaled popcorn, built candy and tobacco distribution company with brother. One-time vending machine kings of Denver, switched to more profitable real estate 1940s. Family strategy: Buy small parcels well located downtown, be last holdouts in large-tract assemblage deals. Patience rewarded by emergence from worst of Denver slump with valuable properties intact. Brother James slain 1977. Sons John, George, Deno own some scattered 15 acres downtown Denver. Recently built and sold first skyscraper. Buying land near major airports (Denver, Houston, et al.) for future. Deno runs Florida shopping centers, bank. Family trying to bring pro baseball to Denver. Net worth $425 million or more.

DiLorenzo

NYC. Heirs of Alex DiLorenzo Jr., Brooklyn pharmacist, collected rents for older brother. After law school 1951, joined neighbor, acquisitor Sol Goldman *(which see)*. Goldman-DiLorenzo firm became NYC's largest, most leveraged landlord; lost 40% of properties in 1973-74 real estate crash, including Chrysler Building. On his death 1975, son Alex III and Goldman split remaining properties with coin tosses. Family now owns well

over 300 parcels; mostly small commercial, retail "taxpayer" buildings in outer boroughs, northern Manhattan; very active recently buying gas stations, garages in west Harlem and Bronx: "You can make a return on them." Cautious; holds net leases, fee positions, self-liquidating debt: "I've watched some big properties go bye-bye, and you remember that." Soft-spoken Alex leads; brother Marc also active; sister Lisa has passive interest; mother Grace also benefits. Fortune exceeds $500 million. Alex: "I was raised to be thrifty, to never talk to reporters and to sit down once a year, see what is needed for the next 12 months and then double it."

Disney

Los Angeles area. Heirs of Walter Elias Disney (d. 1966), creator of Mickey Mouse, etc. As ambulance driver decorated vehicle with cartoons in aftermath WWI. Worked for Kansas City advertising agency; started small Hollywood firm with brother Roy (business side) producing cartoons 1923 *(see also his son Roy E.)*. In 1928 Mrs. Disney named big-eared rodent Mickey. Walt Disney Co. now includes Disney theme parks such as Epcot Center, movies, Disney cable channel and TV programming. Euro-Disneyland is slated to open early 1990s in France. Lillian B. Disney holds 5.4% Walt Disney Co. worth $180 million. Her daughters, other family members hold 4% worth more than $160 million.

Donnelley

Origin: Chicago. Scattered descendants of Richard R. Donnelley, Canadian printer's apprentice who ran away to set up Chicago print shop 1864. Business destroyed by Great Fire of 1871; built anew by family into R.R. Donnelley & Sons, country's largest commercial printer (for *Time, Newsweek, World Book Encyclopedia*, et al.); 1985 revenues over $1.8 billion. Family still owns 21%. Also Reuben H. Donnelley, large Yellow Pages publisher, sold to Dun & Bradstreet 1961 for $80 million in stock. Gaylord, 76, retired but "honorary" chairman, has largest single stake, worth $120 million. Some 75 descendants share fortune worth more than $900 million.

Duda

Agriculture. Oviedo, Fla. Czech immigrant Andrew Duda (d. 1958) arrived Fla. 1911 to start religious farming community; went broke and back to Cleveland. Kept land; returned 1926, planted 10 muckland acres of celery. Family kept plowing profits into the company: "It was a good investment." Three sons: John, 81, Andrew Jr., 79, and Ferdinand, 76 (none went past 9th grade). Brothers planned retirement 10 years in advance; full control passed smoothly 1977 to third generation (14 cousins; 8 sons who work at Duda, 6 daughters who don't). Accused of holding migrant workers in "virtual bondage" in devastating 1976 series by columnist Jack Anderson; Dudas responded with mobile homes, rented cheap to laborers. A. Duda & Sons today: $200 million annual sales; owns over 115,000 acres, including 8,000 acres mostly Fla. citrus; one of nation's largest celery, radish growers; leases 184,000-acre cattle ranch in Australia; distributes other farmers' crops to supermarket chains. Fourth generation cutting teeth on land, vegetable empire worth over $450 million.

du Pont

Wilmington, Del. and various. Some 1,700 descendants of Pierre Samuel du Pont de Nemours (1739-1817), French Physiocrat who fled Revolutionary Terror for America 1800. Son Eleuthère Irénée, chemist's apprentice, founded gunpowder factory on Brandywine River 1802. Company and family prospered in 19th century, became preeminent in field through Powder Trust of late 1800s. Family schism over control; Pierre S. du Pont II emerged as dominant figure 1915, set up Christiana Securities to control company (Christiana eventually merged into Du Pont 1977). WWI contracts brought in millions, led to despised sobriquet "Merchants of Death." Pierre rescued nascent General Motors 1920s, got one-third interest. Also Hercules, Inc., American Rubber (later Uniroyal), etc. Childless, left bulk of fortune to siblings, nephew before death 1958. His branch built up Wilmington Trust Co.; dissident branches, Delaware Trust. Family now into 8th generation, cohesiveness unraveling. Various du Ponts still control more than 25% of Du Pont. Each family household provided with large, leather-bound volume of charts, indexed by individual name and periodically updated to include births, deaths, marriages, divorces: needed to keep track. Family, richest in U.S., shares combined fortune estimated in the vicinity of $10 billion, majority held by closer relatives Pierre II. *(Includes 23 family members listed individually, plus Laird, Copeland, du Pont families, all of which see.)*

du Pont (Henry)

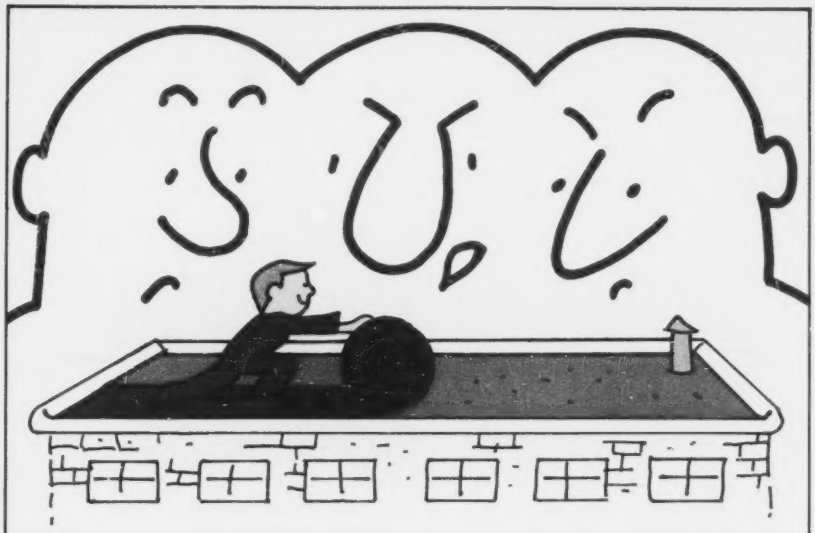
Delaware, Pennsylvania, Connecticut. Heirs of Henry B. du Pont, younger brother of Pierre who was included in redistribution of his fortune *(see other du Ponts, family)*, went on to found North American Aviation, which merged to form Rockwell International. Son Edward Bradford du Pont family leader of sixth generation with cousins Hugh Rodney Sharp III, Irénée du Pont Jr. *(which see)*. Henry's grandson Lewis du Pont Smith involved in legal wrangling with parents over disposition of his inheritance: He wants to share it with Lyndon LaRouche. Family shares in fortune estimated over $400 million.

du Pont (William)

Mostly Delaware. Heirs of William K. du Pont (d. 1907), younger brother of Pierre *(see other du Ponts, family)*, who set up each of his siblings with significant portions of his own fortune. Family of William K. received one-third share each directly, as father was already deceased; descendants of S. Hallock du Pont (d. 1974), sisters Paulina du Pont Dean, Wilhelmina du Pont Ross share in fortune worth over $300 million.

Fisher (Lawrence)

Detroit area, Palm Beach. Seven sons of Ohio carriagemaker Lawrence Fisher who set out to winterize faddish "motorcars." Built first enclosed sedans 1908, pioneered interchangeable body parts. By 1919 Fisher Body profits exceeded $1 million, sold 60% to GM for $28 million, remained GM division until 1984 reorganization. Fortune estimated as high as $1.5 billion before 1929 crash. Last four brothers left GM executive slots 1944: "We



They say a new roof is messy and expensive. But Goodyear said, "Top this," and invented a synthetic rubber roofing that simply rolls on and seals with a hot air blower. Waterproof. Weatherproof. It comes in black. And in white to reflect the sun and save energy. It's fast, easy and economical for schools, factories and buildings anywhere.

They say you can still train pilots in a flight trainer that teaches only instrument flying. But Goodyear said, "Obsolete," and helped create a new flight simulator that gives pilots the sights as well as the feel and sound of flying. And with computerized projectors that react to a pilot's every move, the sky is the limit.

started together and we want to finish together." Second generation inherited family entrepreneurial spirit: 3 sons started Fisher Industries, maker auto parts, 1947. Today diversified dynasty, last reunion 1975. Most visible member is Charles III, chairman NBD Bancorp. Fortune shared by numerous descendants, buried in investments, trusts; estimated over $300 million.

Fisher (Oliver)

Seattle and environs. Oliver David Fisher's Seattle lumber company founded 1906 to profit from rebuilding San Francisco after earthquake, fire. With family, partners, embarked on wide-ranging career that included ventures in milling, banking, media. Helped found Safeco Corp., in which family still holds over $125 million stock. Lumber company merged with Weyerhaeuser 1948. Oliver D. Seattle area's preeminent capitalist at death, 1967. Grandson Donald G. Graham Jr., 63, now in charge: 2 TV stations, 1 radio; flour mills; commercial real estate; stock in Weyerhaeuser, Safeco. Inner circle runs business, numerous heirs share in fortune worth over $375 million.

Garvey

Wichita, Kans., et al. Heirs of Ray Hugh Garvey (d. 1959 car crash), farm boy ("I suppose I was an underprivileged child, but fortunately no one ever told me"), who used $500 saved from paper route to buy interest in land company. By early 1920s owned 12,500 acres farmland; bought small gas station chain 1924. In Depression acquired banks, foreclosed farms. Added oil, grain, real estate, etc. Estate split among 4 children, run as distinct entities by Willard, 66; James, 63; Olivia Lincoln, 60; Ruth Fink, 69. Widow Olive, 93, active philanthropist, founded experimental healing hospital. Willard political agitator, but not player. Vocal supporter of privatization, laissez faire policies, but seldom backs plans with dollars. Family fortune worth at least $300 million.

Gottwald

Richmond, Va., et al. Floyd Dewey Gottwald (d. 1982) rose from office clerk Albemarle Paper Manufactur-

ing in 1918 to president 1941. Made blotting paper. Highly leveraged purchase of much larger Ethyl Corp. from GM and Standard Oil of N.J. 1962. Sold Albemarle 1968 ($55 million), profitably expanded Ethyl into plastics, metals. Floyd succeeded by sons Floyd Jr., 64, now chairman; Bruce, 53, president. TEL, antiknock ingredient for gas, original plum in Ethyl deal, outlawed by federal lead-content laws; last U.S. plant closed 1985; company thriving anyway. Family holds over 20 million shares, other properties; worth at least $475 million.

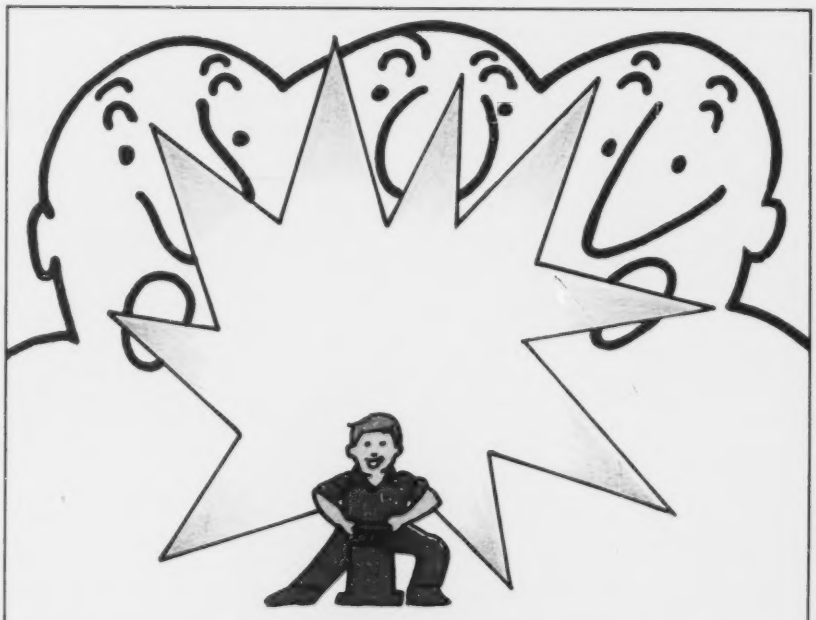
Gund

Cleveland origin. 6 children of George Gund Jr. (d. 1966). He sold family brewery during Prohibition; bought decaffeinated coffee firm 1919, sold to Kellogg 1927; now Sanka brand. Retained large, passive stock holdings Kellogg. Acquired Cleveland real estate, undervalued securities in Depression. President Cleveland Trust 1941. Son Gordon: "We did not know the extent of our wealth until his death." Now they do: 4 sons, 2 daughters active in expanding fortune. George III, Gordon own NBA Cleveland Cavaliers, NHL Minnesota North Stars, arenas. Gordon, blind because of retinitis pigmentosa, Princeton, N.J. venture capitalist; Agnes Saalfield, NYC, major modern art collector with brother Graham, award-winning Boston architect and developer. Family worth should exceed $850 million.

Haas

San Francisco. Bavarian immigrant Levi Strauss left NYC to sell pants made of tent canvas to California gold panners 1850s; soon switched to denim. Patented riveted blue jeans, designed "501 Double X blue denim waist overall" alias Levi's 501s. Grandniece Elise Stern married Walter Haas (d. 1979), who headed Levi-Strauss 1928-55. Son Walter Haas Jr. took company public 1971. His son Robert Haas joined Levi after Peace Corps, Harvard B-school; now CEO, took private with over two dozen investors in $1.7 billion buyout: "We recognized this [LBO] was a risk-laden transaction." Walter bought Oakland (baseball) A's 1980. Family fortune derived from company worth at least $900 million.

They say you have to change marketing strategy at every foreign border. But Goodyear said, "Now hear this!" And reorganized to market and advertise on a global basis and communicate in the universal language of quality and performance.



See all the dynamite things you can do when you don't listen to what "they" say.

GOODYEAR

© 1986 The Goodyear Tire & Rubber Company

Family Fortunes

Hearst (John Randolph)

California, NYC area, et al. Children of John Randolph Hearst, 1 of 5 sons of media mogul William Randolph Hearst (1863-1951). John dropped out of college age 19 to head *Town & Country, Connoisseur,* later to *Cosmopolitan, Good Housekeeping.* Thought to succeed father as head of Hearst Corp. but withdrew to dabble in real estate, oil. First wife Dorothy Hart left to marry William Paley *(which see).* Four children from two other marriages, incl. John Jr., 52, still active in Hearst Corp., and William II, 44, who lives under assumed name in Calif. Daughters Debra, 36, and Joanne, 46, both married, not active in Hearst Corp. Each shares in father's 20% of $2 billion trust.

Hillenbrand

Batesville, Ind., et al. Augustine Wilhelm, a German immigrant, left New Orleans in 1837 to begin lumbering in hardwood country outside Batesville. Son, John, started furniture business 1884, expanded into caskets. Batesville Casket first to mass-market airtight casket after WW II. Hil-Rom, manufacturer of hospital beds, created 1928, first producer of electrically operated beds. Hillenbrand Industries acquired American Tourister 1978, Medeco Security Locks 1984, SSI Medical Services 1985. All acquisitions funded through internal cash flow. 1985 sales over $507 million. Augustine's direct descendant Daniel, 63, current CEO and chairman; W. August of the fourth generation, president. 7 family members sit on board; 62% interest in Hillenbrand Industries worth $450 million distributed among numerous descendants of Augustine Wilhelm.

Hoiles

Santa Ana and Marysville, Calif., et al. Two surviving children (of 4) and grandchildren of Raymond Cyrus Hoiles: small, shrewd Ohio man who started buying newspapers 1920s. Bought *Santa Ana Register* 1935. Used papers to spread libertarian philosophy: opposed taxes, public schools, public highways, etc. Three children inherited 1970. Eldest son Clarence headed until death in 1981. Harry, 70, ousted from management by sister Jane, 64, and Clarence's heirs; suing to dissolve and distribute assets, despite philosophical opposition to court system: "The individual has a right to control his own assets." Freedom Newspapers now 29 dailies (incl. flagship *Register*), 3 weeklies, 5 TV stations. Each branch controls 33% of company conservatively worth $475 million: Harry's $1.01 billion offer rejected.

Exclusive of the du Pont family and its subfamilies ($24 billion total), the other 89 family groups listed on these pages have fortunes totaling more than $45 billion, or an average of over $510 million per group. The comparable figures for 1985 were 76 non-du Pont families worth over $37 billion; average, $495 million.

Horvitz

Cleveland area; Hollywood, Fla. Three sons, grandchildren of Samuel A. Horvitz, self-made entrepreneur who never made it past 8th grade. Left Ohio for Florida 1920s; bought bankrupt Hollywood, Inc. for $2 million, much land at $2 an acre. Built 3 substantial businesses (d. 1956). Now owned in trust: 5 newspapers, cable-TV system for over 100,000 subscribers (run by son Harry, 66); Cleveland construction firm (Leonard, 63); Florida coastal real estate (William, 59). Sold 55 waterfront acres 1984 for $43 million; 90-acre parcel now in negotiation with state. Family bickering prompted 1979 lawsuit, 1982 charges by Harry's 3 children accusing trustees of mismanagement. Sons alienated; Harry: "The relationship is strained, but livable." With little debt, other holdings, family worth $400 million.

Houghton

Corning, N.Y. Amory Houghton started glass business 1851. Corning Glass produced first glass bulbs for Thomas Edison 1879. Acquired Steuben Glass, opened "swank" gallery during Depression. Now, product line over 60,000 items. Expanding into fiber optics, medical instruments and biotechnology. "We're No. 1 in the world in glass and ceramics and if we ever lose that we're stupid." 5th generation family-dominated company. James, son of Amory Houghton (d. 1981), chairman. "Consensus management" through 6-member executive council. Requires all employees, even factory workers, to take a statistics course to increase efficiency. 1985 earnings up 33% on sales of $1.7 billion. Aggregate family stock holdings close to $325 million.

Johnson

Johnson & Johnson. Six children of J. Seward Johnson (d. 1983). Extended, melodramatic court battle with Johnson's third wife Barbara Piasecka Johnson *(which see)* settled out of court. Excluding J. Seward Johnson Jr. who received $12 million from this decision, all others granted $5.9 million from estate. In addition, each child got trust 1944; if left intact each share would be worth well over $100 million today. Mary Lea Richards. 60. NYC. Married to producer Martin Richards (*Sweeney Todd, La Cage aux Folles,* etc.). Proceeds from settlement plus remaining trust assets worth $66 million. Elaine Johnson Wold. 59. Boca Raton, Fla. housewife, worth over $80 million. J. Seward Johnson Jr. 56. Princeton, N.J. Artist, received largest settlement from will including Cape Cod house, but invaded trust; worth $42 million. Diana Firestone. 54. Waterford, Va. Raises horses with husband, winners 1980 Kentucky Derby with Genuine Risk. Maintains $80 million. Jennifer Johnson. 45. Jacksonville, Fla. and NYC. Photographer and gallery owner in partnership with brother James. Has kept trust virtually intact, worth

Family Fortunes

over $110 million. James Johnson. 41. Oldwick, N.J., East Hampton, N.Y. Maintains a farm on his N.J. property. Assets also exceed $110 million. Aggregate fortune is over $500 million.

Kelley

Honolulu. Young California architect Roy Cecil Kelley arrived Hawaii in 1929 with $105 and notion that island had potential as vacation mecca for middle class as well as rich. Built houses; watched bombing of Pearl Harbor from own rooftop. Put up first hotel 1947, presided over growth into huge chain, high occupancy, low rates, little grandeur; "utilitarian." Roy now 81, still active; company now run by son Richard, Harvard-trained pathologist. Business good: "We're nominating Qaddafi as Salesman of the Year." Third generation also active in Outrigger chain, now second only to Sheraton in Hawaii with almost 7,000 rooms. Large stock portfolio still managed by Roy. Family's net worth should exceed $330 million.

Kennedy

Boston origin. Joseph P. Kennedy rose from humble Boston Irish background to bank president at 25, Wall Street speculator; as first head of SEC, outlawed tactics that had made him rich; later ambassador to Court of St. James's, London. Married daughter of Boston Mayor John F. (Honey Fitz) Fitzgerald 1914; from 9 children emerged political dynasty: John F. Kennedy, senator, President; Robert F. Kennedy, senator, Attorney General; Edward M. Kennedy, senator. Now comes third generation: Joseph P. III, 1986 candidate for Tip O'Neill's House seat; cousin Kathleen Kennedy Townsend running for House in Maryland. Some young Kennedys have had trouble with drugs; many of third generation active in social work. Trusts held by ailing Rose, 96, surviving 5 children; other holdings include Chicago Merchandise Mart. Family, including almost 30 cousins, 4 generations, believed worth over $600 million.

Kleberg

King Ranch, Tex. Richard King, Rio Grande steamboat captain, bought Spanish land grants south Texas 1850s. Robert Kleberg beat him in a lawsuit, then married his daughter. Bob Jr. sold drilling rights to Humble (now Exxon) 1930s to raise cash; annual royalties now around $100 million. Oil profits plowed into ranching at 823,000-acre King Ranch, 1 million leased acres Australia, etc. Bob Jr.: "Cattle-raising is our business, and it will be our business long after the oil is gone." Developed Santa Gertrudis breed. On Bob Jr.'s death 1974, family chose eastern in-law James Clement as CEO over heir apparent, Belton Kleberg Johnson *(which see)*, later bought out his interest. Some 60 heirs own, operate empire worth over $750 million.

Laird

Delaware. Descendants of Mary Alletta du Pont (d. 1938) and William Winder Laird (d. 1927). Mary came into large fortune as sister of Pierre du Pont *(see other du Ponts, family)*. William business associate and ally of Pierre, rewarded with piece of Christiana Securities, founded Laird, Bissel & Meeds, du Pont family's brokerage firm. Son William Jr. (Chick) served on board Du Pont Co. Family fortune estimated over $350 million.

Landegger

NYC, London, et al. Two sons of Karl F. Landegger, Austrian industrialist who bought decrepit paper mill 1920s. Fled from Hitler; to U.S. 1940. Back in milling with purchase of Parsons & Whittemore, small pulp trading firm. Now one of world's leading builders of pulp, paper mills (over 60, mostly Third World and communist countries). Also Black Clawson (paper machinery). Now wholly owned by sons since death 1976. Carl, 56, runs domestic operations. Runs marathons, digs for Inca relics, solo treks in Amazon. Brother George, 49, handles overseas business; plays tennis. Despite flat U.S. pulp market, mills still running at capacity, but "we're still losing our shirts." Brothers share fortune believed at least $300 million.

Lawrence

NYC area. Sylvan Lawrence (d. 1981) worked as bicycle salesman, soda jerk before joining brother Seymour Cohn *(which see)* in real estate brokerage 1946. Parlayed fees and commissions into largest, if unglamorous, commercial real estate empire in lower Manhattan. Seymour put firm in Sylvan's name as "lucky charm." Sylvan urbane, "brains" of the firm. Reportedly pioneered trading buildings' "air rights" as a commodity. Upon death, with no estate planning, company sold $500 million worth of holdings. Heirs, including wife and 3 children, have passive half interest worth over $335 million. One son active in business, but properties managed by Cohn and nonfamily members.

Lilly

Indianapolis, et al. Colonel Eli Lilly, Civil War veteran (Union supporter), opened laboratory in Ind. 1876, produced "Lilly pills" with glossy gelatin coating. Son Josiah, company president 1901-32, introduced first commercial insulin. Josiah succeeded by two sons, Josiah and Eli, who helped develop erythromycin and Salk's polio vaccine. Eli chief founder of Lilly Endowment Fund 1937; assets $1.5 billion. Bought Elizabeth Arden Cosmetics 1971. Company plagued Seventies to Eighties: DES, Darvon, Oraflex. First company to market a drug (Humulin gene-spliced insulin) based on new biotechnology 1985. Lillys no longer involved in company. Family avoids press, immensely charitable: Eli (d. 1977) left 98% of his estate to charity. Two great-grandchildren, up to 10 other heirs, held 10% as late as 1976. If shares still held, worth $930 million.

Lykes

Florida origin; New Orleans, elsewhere. Descendants of Dr. Howell Tyson Lykes (d. 1906), who moved to Florida 1870s, acquired large tracts land, made pile raising cattle

and shipping them to Cuba; holdings there eventually lost to Castro. To Tampa 1895, expanded with 8 children to other regions, shipping business. Lykes Corp. added insurance, banks, citrus; steel 1960s. Merged with LTV Corp. 1978; family escaped with minor abrasions from LTV crash 1986. Bought back steamship line 1982; run from New Orleans. Own 60% Glades County, Fla., total 400,000 Florida acres; Texas ranch. Over 200 family members at annual meeting, Tampa, share unevenly in fortune believed worth over $1 billion.

. Mack

NYC and Great Neck, N.Y. Russian immigrant Philip Mack began construction/demolition company around turn of century. Son, H. Bert (now 77), with sons, created new integrated Mack Co. 1964. Plans, builds, manages mostly in suburban N.J.; Long Island in N.Y.; Tampa. Built industrial sites NJ Meadowlands 1960s, office developments 1970s. Equity of 85% in 5 million sq. ft. office space, 11 million sq. ft. industrial space; AT&T rents about 6%. Still active: Planning 2 million sq. ft. project on NJ waterfront. Lost bid 1984 to move Minnesota (baseball) Twins to Tampa; hoping for expansion franchise, bidding to build stadium there. Active brothers William, Earle and David; brother Fred not in business. Family believed worth at least $300 million.

. Mandel

Shaker Heights and Lyndhurst, Ohio. Premier Industrial Corp. Three brothers pooled $900 to buy uncle's auto-parts shop 1940. Found mundane but lucrative niche supplying nuts and bolts, arcane auto, electronic parts to low-volume, high-paying customers. Jack, 74, and Joseph, 72, handled marketing, sales; Morton, 65, management. Took public as Premier Industrial Corp. 1960. Grew by acquisition, but selectively: "You can't order an acquisition like you can order a cake." Bought companies, dropped high-volume, low-profit lines; revenues now over $430 million. Publish comprehensive 800-page catalog of electric components, maintenance, fire-fighting equipment. Mort, chairman: "We never wanted to run a small business." Jack, Joseph directors. Civic-minded, charitable. Brothers share 60% Premier. With this, other investments, joint net worth exceeds $475 million.

. McClatchy

Sacramento, Calif., et al. Descendants of James McClatchy, Irish immigrant reporter for newly formed *Sacramento Bee* 1857; eventually bought by family. Granddaughter Eleanor became publisher 1936. Used papers for political purposes, shunned publicity, built high wall around home (d. 1980). Her nephews Charles Kenney and James (59, 65) now in charge; liberal but not known as political force. Today McClatchy Newspapers owns 3 Bees (Fresno, Modesto and flagship Sacramento), plus 7 smaller papers (total circ.: over 660,000). Bought *Tacoma* (Wash.) *News-Tribune* for reported $112 million 1986. Getting out of cable TV: "We found that as a newspaper company we were not as good at running a cable system." Fewer than 15 family members own firm worth at least $400 million.

. McDonnell

St. Louis. Family of James S. McDonnell, "man with a slide-rule mind," founded McDonnell Aircraft Corp. 1939. Government primary customer: Air Force's Voodoo fighter series, Navy's Phantoms. Designed/built Mercury space capsule used for John Glenn's earth orbit. Merged with Douglas Aircraft 1967. Commercial aircraft production plagued by problems with DC-10 crashes 1979; now in upswing furthered by recent Delta purchase of MD-80 jets. Acquired information systems companies MicroData Corp., Tymshare 1983. Sanford, nephew of James S. (d. 1980), is CEO. James' sons John F., pres., James S., v.p. McDonnell family holds shares worth nearly $260 million; est. fortune $300 million.

. McGraw

NYC and elsewhere. Founder, James Herbert McGraw, purchased pieces of failing railroad magazine 1888. Spawned editorially autonomous technology-oriented magazines. Harold McGraw Jr. left CEO position 1983 (formed Business Council for Effective Literacy); still chmn. Son, Harold III, active in company. McGraw-Hill now encompasses textbook and magazine publishing, financial services, information systems, TV stations, Standard & Poor's. McGraw family withstood 1979 takeover attempt by American Express. Shares in McGraw-Hill worth around $550 million.

. Mead

Consolidated Papers. Wisconsin Rapids. George Wilson Mead left Illinois furniture store to take over construction of dam and paper mill when father-in-law and his partner died 1902. Company manager by default: could stay until real "paperman" found. Became president 1916. Son Stanton modernized. Grandson George II company chairman, navigated through lean early 1970s until magazine industry recovery in 1978. Company's 1985 sales $716 million; still have first account, also FORBES. Austerity works—no perks, no bonuses. "There are no heroes at Consolidated." Nearly 80 family members share stock worth $460 million.

. Mondry

Highland Superstores. Dearborn, Mich. Harry and Helen Mondry emigrated from Poland 1920s, opened small appliance store Highland Park, Mich. 1933. Sales boomed after WWII, when consumers rushed to replace deteriorating appliances. First branch store 1951. Went public 1985; today 47 stores, 1985 sales over $500 million, consumer electronics 72%. Success in tiered-sales concept: More experienced salespeople handle biggest-ticket items. Founder's son David S. Mondry now chmn.; brother Eugene pres., sailing champion, won Mackinac, other races. Ira S. Mondry executive v.p. Family very private, controls 66% of company, worth $300 million.

Family Fortunes

Mott

Widow and descendants of Charles Stewart, whose family originated Mott's Apple Sauce. Founded manufacturing and wheel business, moved from Utica, N.Y. to Flint, Mich. early 1900s. GM acquired 49% 1908; swapped rest for GM stock 1913. GM v.p. for Detroit operation 1915; also chairman of U.S. Sugar. Three-term mayor, constant benefactor of Flint, "the town that Mott built." Fourth wife, Ruth Rawlings, a distant cousin. Six children (5 living), last sired at 67. Donated $195 million in stock to Charles Stewart Mott Foundation 1963. Died 1973. Son Stewart, 48, maverick, bohemian, "professional philanthropist." "It reassures me that I'm not a leech on society." Directs family's trusts from NYC penthouse. Stake in GM, U.S. Sugar, etc. worth $300 million.

Murphy

Murphy Oil Corp. El Dorado, Ark. Investor Charles Sr. struck oil in 1907, acquired land, timber. Operator Charles Jr. started own oil producing co. at 16 with $5,000 gift from grandfather. At 21, after father suffered stroke, took over business. Concentrated on oil. Skipped college for reading of classics, business: "I couldn't afford to go to college. I had to pay off my debts." Through mergers, exploration, capital reinvestment, intuition, built integrated company with international refineries and reserves; 1985 sales $2.2 billion. Retired as CEO 1984, still chairman. At 66 no further retirement plans, but successor will be "someone of the blood." Three sons in business, 3 brothers-in-law directors. Secret of bliss in family co.: "See that your sisters marry outstanding men." Some 47 descendants amicably share 35% Murphy Oil, plus other investments, worth at least $325 million.

Naify

San Francisco. Father Mike left Lebanon, founded United California Theaters chain 1920s. Acquired 50% United Artists Theater Circuit, offshoot of old movie company, 1950. Sons Marshall, Robert merged other half 1963. Highly decentralized company, bases in N.Y., Dallas, San Francisco. Sued by sister 1977 for mismanagement; criticized in press for cementing control rather than guiding growth. Sold out to Tele-Communications Inc. 1986 for almost $400 million: includes 14 million shares TCI reduced in value by limited-sale clause until 1988. Marshall, 66, works from home in admittedly "unorthodox" style; accused in sister's suit of wearing monk's robes, receiving "messages from God" on FM radio. Denies wearing monk's robes. Still chairman of merged company. Robert, 64, ran company, remains president of merged company. With proceeds sale, other assets, family should have net worth over $360 million.

Nordstrom

Seattle. Swedish teen John Nordstrom immigrated to U.S. with $5 1888. Learned English as mine worker, lumberjack, prospector in Klondike Gold Rush. Opened small shoe store with Carl Wallin Seattle 1901, by 1963 largest independent shoe chain (27 stores) in America. Diversified into fashion retailing, went public 1973. Among leading U.S. specialty apparel retailers. Sales 1985 over $1.3 billion, company managed by founder's grandsons Bruce, James and John—low-profile "just plain country boys." Success formula: "We outservice, not outsmart." Family also owns 51% stake in Seattle (football) Seahawks. Some 25 descendants share 45% Nordstrom Inc. Stock, other interests worth over $400 million.

O'Connor

Victoria, Tex., et al. Descendants of Thomas O'Connor (d. 1887), early Texas settler; fought in Texas War of Independence 1836. Known as "Cattle King of Southwest Texas," he left 500,000 acres, 100,000-head ranching empire to 2 sons, who expanded holdings. Famed Tom O'Connor oilfield discovered 1931 *(see Cullen family)*, still vast oil and gas production. Great-grandson Tom O'Connor Jr., now 71, brought class AA baseball to Victoria 1957. Family branched into banking "so as to have a place to put the money from oil." Tom Jr. chmn., large stake in Victoria Bankshares, 20-bank chain on Texas Gulf Coast. Numerous descendants, tight-knit: many still live in family compound; perhaps the state's most private clan. With oil royalties, ranches, family fortune believed to exceed $750 million.

Ordway

Origin: St. Paul. Minnesota Mining & Manufacturing Co. (3M). Plumbing supply executive Lucius P. Ordway rescued ailing mining concern (3M) when its value hit rock bottom 1905. Legend: Two shares equaled one cheap shot of whiskey. Paid off debts, converted into sandpaper factory. Moved to drier St. Paul; humid Duluth made paper mushy. Turbulent years of perfecting abrasive; first profit 1916. Company now $7.8 billion (sales) industrial giant *(see also Binger)*. Grandson John (Smokey) Ordway last family tie (director). Family visible force in twin cities: cofounded Minnesota (hockey) North Stars, built Ordway Music Theater in St. Paul 1984. Some 50 descendants scattered across U.S. share in Ordway trust (7% 3M) worth over $400 million when distributed 1979.

Pew

Origin: Philadelphia. Joseph Newton Pew Sr. founded Sun Oil Co. 1886; pioneered techniques to capture, pipe natural gas. Bought into Spindletop, record Tex. oil strike 1901, died 1912, at his desk. Son J. Howard president 1912-47, last Pew to run firm, returned as chairman 1963-69 (d. 1971). Family scattered. Communication link: great-grandson Andy, 50, president Sun subsidiary, got there the hard way. Started as lab technician; now last Pew in management. Family still has control, but not tight-knit. Devout Presbyterians, Republicans, maintain $1.8 billion Glenmede Trust, believed second-largest charitable foundation in U.S. Numerous descendants share 6% Sun Co. stock, other assets, worth at least $325 million.

Family Fortunes

Phipps

Pittsburgh origin. Henry Phipps (1839-1930), son of Philadelphia cobbler, grew up Allegheny, Pa. with neighbor Andrew Carnegie. Became partners, pioneered Bessemer process of manufacturing steel. Phipps took $50 million in stock on sale to J.P. Morgan 1901. Moved, like innumerable others who made it elsewhere (including Carnegie), to NYC. Established Bessemer Trust 1907, split among 5 children; family now into fifth generation, has some 200 members living mostly NYC and Florida. Litigation, ill will over trust management. Heirs, including socialite Guests and philanthropic Phippses *(see also Howard Phipps, Anne Sidamon-Eristoff)*, share in investment portfolio, real estate, shipping, energy interests estimated worth $1.8 billion.

Pigott

Seattle. Descendants of William Pigott Sr. Founded Pacific Car & Foundry 1905 as steel company, began manufacturing railway cars; entered heavy truck industry 1945 with purchase of Kenworth. Now $1.9 billion Paccar Inc., leading heavy-trucking manufacturer: Kenworth, Peterbilt trucks, designer commercial vehicles—"the Rolls-Royces of trucking." Grandson Charles currently president of Paccar. Brother James on board of directors, recently started new venture: Management Resources & Services, full-service consulting for small business. Over 20 family members believed to hold 40% Paccar stock. With other interests net worth exceeds $310 million.

Pitcairn

Bryn Athyn, Pa., et al. Devout Scottish immigrant and former telegrapher from Pennsylvania Railroad, John Pitcairn founded glassmaking plant on shores of Allegheny River 1883. Dispute with partner yielded 2 companies: PPG and rival Libbey-Owens-Ford. John expanded into chemicals, died 1916. Heirs retained equity interest in firm (14% PPG stock), hired outsiders to manage (last Pitcairn in company retired 1935). John helped found Swedenborgian church in Bryn Athyn, son Raymond designed cathedral, son Theodore pastor to 1962; son Harold developed autogyro 1920s. Family cut ties with PPG late 1985, liquidated remaining stock portfolio this year. Proceeds in excess of $600 million distributed among some 285 relatives.

Pulitzer

St. Louis, et al. Descendants of Joseph Pulitzer (1847-1911), poor Hungarian immigrant, sometime politician, who settled in St. Louis after Civil War, bought bankrupt *Dispatch* 1878 for $2,500; stressed muckraking. Eventually merged with *Post*; bought out partner. With profits bought *New York World* 1883; became leading U.S. paper, now defunct. Founded first journalism grad school, Columbia 1903; established Pulitzer Prizes. Today Pulitzer Publishing 2 dailies (incl. flagship *Post-Dispatch*), 7 TV stations, 2 radio. Family fight 1986 after 10 members with 43% of stock (but no operating control) gave A. Alfred Taubman *(which see)* option to buy company for $625 million; since sold back. Grandsons—Joseph Jr., brother Michael, cousin David Moore—with 54% stock, control over voting trust, opposed; case in courts. Joseph Jr.: "I was not trained by my father to liquidate this company." Heirs worth over $450 million (more to Alfred Taubman).

Pulliam

Newspapers. Indianapolis, et al. Eugene Collins Pulliam, son of Kansas Methodist minister. Worked as reporter but saw money was in ownership. Bought *Atchison* (Kans.) *Champion* 1912; kept buying, selling, building up equity: 23 papers in 8 states during Depression. Bought *Indianapolis Star* 1944, 2 Phoenix dailies 1946, *Indianapolis News* 1948: today heart of Central Newspapers Inc. Known for conservative views; recruited Barry Goldwater to politics. "I've never been interested in the money we make but in the influence we have." Died 1975. Central Newspapers in trust for his 3 children, controlled by widow Naomi (Nina), son Eugene Smith Pulliam, family associate William A. Dyer Jr. With Nina retired, Gene S., 72, now patriarch of family fortune worth over $400 million.

Reed

Seattle, et al. Descendants of Sol G. Simpson who cofounded Simpson Timber with A.H. Anderson 1890. William Reed Jr., 47, great-grandson of the founder, is current CEO. Valuable Washington state, California timberlands; papermaking operation was added 1951 (Simpson Lee Paper sold 1971). Pioneered logging community Camp Griswald, with "sustained yield" harvesting policy 1946; closed 1985. Family launched buy-back crusade 1970s to take company private; purchase price of shares recently ran upwards of $75,000/share. 1985 revenues were over $750 million. Fewer than 50 Simpson descendants share fortune valued at $300 million.

Resnick

NYC area. Jack, 79, started as small Bronx builder 1928, moved to Manhattan mid-1950s. Still runs company; active many Jewish charities. Son Burton, 49, president Jack Resnick & Sons, Inc. "They work as one." Control 5 million sq. ft. of NYC office space, over 2,500 apts., NYC, Fla., N.J. Profitable new 35-story, 1 million-sq.-ft. office building at South Street Seaport. Now building downtown office for R.R. Donnelley & Sons and 43-story Symphony House condos/office near Carnegie Hall. Low profile: "A public company deals with other people's money. We deal with our own." And with partners', frequently Belfers' *(which see)*. Both art lovers. Deny great wealth, but share fortune, with family, exceeding $350 million.

Richardson

Greensboro, N.C., Connecticut, et al. Pharmacist Lunsford Richardson gambled life savings ($8,000) at 55 on small NC drugstore, sold 1907 to finance creation: Vicks Vaporub (named after brother-in-law). "I dreamed dreams of a worldwide

business." Came true: Post-WWI flu epidemic quadrupled sales, reputation made. Son H. Smith Sr. (d. 1972) architect Vicks Chemical, later Richardson-Merrell Inc. (Cepacol, Bendectin). Sold to Dow Chemical 1981 for $80 million stock, created Richardson-Vicks (Clearasil, Nyquil). Reluctantly merged with Procter & Gamble at big profit 1985. Family remains close; quarterly newsletter, biannual reunions. "We work in the morning, play in the afternoon." Sales proceeds reinvested in stocks, real estate plus 50% of Piedmont Management. Minimum worth is $575 million.

Rockefeller (Nelson)

Children, grandchildren of Nelson Rockefeller (1908-79), liberal Republican 4-term governor New York, appointed Vice President under Gerald Ford; grandson John Davison Rockefeller, founder of Standard Oil Trust, world's first billionaire. "Rocky" the gregarious leader of "Brothers" generation of family, left 4 surviving children by first marriage (son Michael d. New Guinea 1961); 2 by second wife Margaretta (Happy) Fitler Murphy. First family: Rodman Clark, 54, NYC. Divorced, remarried; 4 children by first marriage. Followed father to Dartmouth, now chairman of his agribusiness, International Basic Economy Corp. Member, Council on Foreign Relations. Aspires to father's role as family leader. Also: venture capital, real estate. Ann Clark Rockefeller Roberts (Mrs. T. George Roberts): 52. Greenwich, Conn. Divorced, remarried; 4 children, 4 stepchildren. Works as landscape architect. Steven Clark: 50. Middlebury, Vt. Divorced twice, remarried; 3 children by first marriage, 1 by second. Princeton grad, joined Army, married Norwegian maid, worked briefly Rockefeller Center. Quit, entered Union Theological, divorced maid, became theology professor. Now dean of Middlebury College. Mary Clark (Mrs. Thomas B. Morgan): NYC. 48. Divorced, remarried; 3 children by first marriage. Helped establish public health project Navajo Indian reservation late 1950s. Serves on board Metropolitan Museum of Art. Second family: Nelson Aldrich Jr. 22. Dartmouth grad, working NYC for Republican gubernatorial candidate O'Rourke. Mark Fitler, 19. Younger boys do not benefit from 1952 family trusts; Nelson made up difference. Combined share in Rockefeller fortune estimated over $750 million. *(See also other Rockefellers, O'Neill.)*

Rockefeller (William)

Greenwich, Conn., NYC and various. Founding father William Rockefeller (1841-1922), genial brother John D. Rockefeller, ran Standard Oil of New York (now Mobil) until Trust busted 1911. Controlled as much as 12.5% of Trust, plus extensive RR, utility stocks. Married two of his sons to daughters of James Stillman, head of National City Bank of N.Y. (now Citibank). Daughters married into McAlpin, Dodge fortunes. Family still owns energy stocks, land in Greenwich; conservative, decentralized management, some by family, some by Indian Rock (NYC), run by Andrew Carnegie Rockefeller, 57, William's great-grandson. Over 75 heirs share in fortune estimated at $350 million. Family growing faster than trusts. *(See also other Rockefellers.)*

Rose

NYC. Rose Associates, one of NYC's oldest, largest investment builders of apartments. Jerusalem-born David (d. 1986) began in Bronx 1920s, later Manhattan. Now 3 nephews—Frederick, Daniel, Elihu—all brothers and Yale grads; next generation warming up in bullpen. Own and/or manage vast properties Manhattan, Boston, Washington, D.C.; some with institutions. Planning $250 million, 26-acre Atlantic Terminal redevelopment downtown Brooklyn. Fred is the builder, Dan does long-range planning, Elihu manages. They deny much equity in properties, claiming many foreign investors, but knowledgeable peers say otherwise. Believed worth well over $300 million.

Rosenwald

Philadelphia area, NYC, et al. Descendants of Julius Rosenwald (d. 1932), Chicago-based pioneer of mail-order shopping. Bought out Alvah Roebuck (1895) and Richard Sears (1905), built company to largest general merchandise retailer in world, capitalizing on concept of suburban, rural outlets. Family said to hold much well-hidden stock plus other investments. Son Lessing (d. 1979), former chairman of Sears, owned world-class art collection, heavy hitter in philanthropic leagues; lived modestly. Daughter Edith Stern (d. 1980) civil rights activist; her son Edgar a family leader, last family member on Sears board. Around 100 family members share in fortune estimated at $300 million or more.

Schnitzer

Portland, Ore., Palm Springs. 4 surviving sons of junkman Samuel Schnitzer, who with Harry Wolf built Alaska Junk Co. early 1900s; Oregon steel mills. Sons expanded, prospered in scrap-dealing post-WWII. Contentious buyout of Wolf family 1958 caused bitterness between two clans. Schnitzer group now headed by Leonard, 60; chiefly (Lasco) shipping, steel, vast real estate in Portland, Seattle, San Francisco area, Guam. Brother Harold, 62, quit 1950 to form Harsh Investments (real estate). None of them likes debt, all eschew jet-set lifestyle. Perhaps richest family in Oregon; charitable, very private. Family wealth exceeds $300 million; they deny.

Scripps (E.W.)

Origin: Cincinnati. Descendants of populist Edward Wyllis Scripps who launched *Cleveland Press* 1878; grew into nation's once-largest newspaper chain. Family long feuding: E.W. broke early from half-brother James *(see below)* who formed own firm. Children split after E.W.'s death 1926: 1 grandson runs separate chain *(see Edward Wyllis Scripps)*, 6 other grandchildren and their offspring own 80% Scripps-Howard Broadcasting (public), run by minority Howard family; also own some 88% E.W. Scripps Co. (private). Merged with cousin's John P. Scripps Newspa-

pers 1986; now 19 dailies. This scattered branch (over 40) worth over $1.2 billion altogether. Family trust dissolves after deaths of the 4 eldest grandchildren.

Scripps (J.E.)

Detroit area, La Jolla, Calif., et al. Descendants of James Edmund Scripps, English immigrant who arrived in Illinois 1844, conceived "people's press": short, simple stories for working class—radical departure from flowery, elitist papers of his time. Started *Detroit* (evening) *News* 1873: borrowed much; had family sell farm. Big success; used formula elsewhere. Bitter split with half-brother E.W. *(see above)* early 1900s (d. 1906). Built into Evening News Association, run by great-grandson Peter Bruce Clark. Sold to Gannett for $717 million 1985. Over 50 Scripps descendants share fortune worth over $700 million.

Sharp

Wilmington, Del. area, and Gasparilla Island, Fla. Heirs of Isabella du Pont Sharp, sister of Pierre *(see other du Ponts)*. Brothers Hugh and Bayard Sharp, both over 70, were active in Du Pont and Christiana Securities, family foundations. Hugh's son, Hugh Sharp III, a leader among sixth-generation du Ponts, along with cousins Edward Bradford du Pont and Irénée du Pont Jr. Bayard is a successful Thoroughbred breeder. Brothers donated $11 million parcel of land for Florida state park. Bayard, Hugh and his three children share in fortune of over $350 million.

Smith

Origin: Chicago. Northern Trust banker Byron Smith sensed potential of two Swedish toolmakers. Bankrolled, cofounded Illinois Tool Works 1912. Milestone: invention of lock washer 1924. Mass production of tiny products (fasteners, nuts and bolts) soon upstaged precision tools. Items sell for under a penny, but 13,000 needed for one car adds up: $596 million sales last year. Developed plastic 6-pack carrier, early 1960s. ITW now diversified (tools, computer components). Family still involved: Byron's son Harold director, honorary chairman; grandson Harold Jr. chairs ex-

This Is Your Last Chance To Sell Your Business This Year.

Values paid for fine privately held companies are at all time highs.

Prices that are being paid relative to earnings (16 times on average) and relative to book (2½ times on average) are at peak levels.

Better yet, you, the owner can lock in **good value** at a 20% capital gains rate before it's raised to 28% on January 1, 1987.

The interest of buyers in completing a transaction is also at an all time high. Most of them are determined to maintain their high values by finding good closely-held companies that have unexploited areas of investment where their return on capital can be higher.

Also, starting in 1987, buyers will no longer be able to write up assets and get a tax benefit from them. (The General Utilities doctrine will be cancelled.)

How should you determine whether to sell, and what should you do to implement it now if you are feeling positive? The sale of your business, indeed, even considering it, demands first-class professional advice. Perhaps, **Niederhoffer, Cross & Zeckhauser, Inc.** can assist.

At NCZ, we specialize in initiating and structuring merger transactions between private and public companies and have completed over 200 such transactions since 1970.

Here is how we assist you.

Most important, we pioneered a **proprietary method** whereby we create a competitive market for a business. We present an analytical report to buyers in a systematic fashion where several potential partners are moving forward simultaneously.

Next, we maintain an **exhaustive data bank** that includes most active buyers throughout the world. We are in periodic contact with more that 5,000 buyers with a net worth in excess of $10 million.

Also, structuring mergers of closely-held companies is **our main business.** Our professional staff works with diligence and dedication servicing our clients, the owners of fine private firms. Our office is open 18 hours a day.

Every moment and action is geared to providing you, the seller, with a beneficial transaction. In conjunction with our offices in Europe and the Orient, we are in a position to locate, contact and work closely with **foreign acquirers** interested in entering the U.S. market.

With these thoughts in mind, NCZ has been **deluged in recent weeks with interest** from both buyers and sellers. During July and August alone, NCZ arranged for the introduction and completion of 8 separate mergers, our highest activity ever.

As Founder of NCZ and participant in most of our principle transactions from inception, I have learned about completing deals from owners like you. Because of my aggressive and analytical background (Ph.D. from the University of Chicago in 1969), I am generally considered a leader in arranging sales of closely-held firms. Naturally, I am not involved in the day-to-day activities of arranging closings. However, because of the urgency of assisting you, the owner, before year end 1986, **I am now coming back to assist one fine closely-held firm** at every stage, in every aspect of completing a deal by the end of the year.

If you own a fine business with a **proprietary niche and your pre-tax earnings are more than $500,000,** please write or call me for an immediate response at the office (212) 371-4656 or 800-221-4464. After hours, call (212) 664-1253:

Victor Niederhoffer
Niederhoffer, Cross & Zeckhauser, Inc.
49 West 57th Street
New York, NY 10019

REACH THE AFFLUENT IN FORBES

One out of every 3.5 FORBES subscribers is a millionaire

Source: Don Bowdren Associates, 1985

ecutive committee; David is v.p., treasurer. Family controls 28% ITW, 26% Northern Trust Corp., worth over $350 million.

Stroh

Detroit. Industrious immigrant Bernhard Stroh came to Detroit with $150 and 18th-century family recipe for beer, sold brew door-to-door in pushcart. Grandson Julius took into 20th century, preserving "fire-brewed" tradition. Company grew slowly, survived Prohibition by making ice cream (still does). Sixth-generation Peter, 58, now chairman; his aggressive acquisitions helped secure Stroh as third-largest U.S. brewer: Broke into East by buying F&M Schaefer Corp. 1981, solidified Midwest with Schlitz purchase 1982. Company rumored healthy despite heavy debt, flat beer market. "In my heart I knew it was either grow or go." Valued at $300 million, controlled by 30 family members.

Sutherland

Kansas City, Mo. Sutherland Lumber Co. Heirs of Robert Sutherland, who founded cash-only building supply chain 1934. Sons Herman Robert, 74, Robert Quentin, 67, Dwight Dierks, 63, John William, 62, daughter Donna (Mrs. Samuel C. Pearson), 73, helped build chain to 96 stores, most of them in smaller cities and towns. Boys all dropped out of college to work in business or fight in WWII. Third generation of all branches active in business; among last of kind to remain private. Known as major Kansas City philanthropists. Other assets include oil, banking interests. Family's net worth exceeds $350 million.

Swig

San Francisco. Real estate magnate Benjamin Swig (d. 1980) operated in Boston while partner Jack Weiler *(see family)* operated NYC; moved to San Francisco 1946. Bought commercial properties; now Swig, Weiler & Arnow owns at least 5 million sq. ft. office space. Bought Weilers' half-interest in luxury 2,380-room Fairmont hotels (SF, New Orleans, Dallas, Denver) 1982 for estimated $200 million. Building 1,225 rooms Chicago, San Jose. Still partners in almost all other properties. Melvin, 69, heads operations; once owned predecessor of Minnesota (hockey) North Stars. Brother Richard, 61, runs hotels. Brother-in-law Richard Dinner, 65, comanaged holdings; now retired. Their fortune over $500 million.

Temple

Diboll, Tex., et al. Thomas Louis Latane Temple Sr. founded company on 7,000 acres Texas timberland 1893. Son Arthur inherited 200,000 acres and $2 million debt 1934. By 1973 half-million-acre forest earning $9.6 million annually, low debt; overseen by imaginative grandson Arthur Jr. Developed perpetual forest, selective harvesting. Merged with Time Inc. 1973; Wall Street rumored Time moving to Diboll, stock fell. Time spun off Temple-Inland 1984; Arthur Jr., 66, runs firm, controls largest timber holdings in state. Son Arthur III (Buddy) formerly chaired Texas Railroad Commission, runs family investment company, diversified, including 5% share in Dallas Cowboys. Five family branches own substantial stake in Time Inc., etc., worth at least $725 million.

Thompson

Dallas. Southland Corp. Ice company executive Joseph C. Thompson heeded late-night customers who complained there was nowhere to buy bread and eggs. Result: the convenience store. Bankrupted during Prohibition; cold beer sales spurred recovery 1935. Renamed 7-Eleven stores 1946 to reflect longer hours; soon open 24 hours. Went public 1968. Company now run by founder's three sons: John, 60, chairman; Jere, 54, president, CEO; Jodie, 46, senior executive vice president. Today stores in 41 states, 12 countries. Family controls 6.1 million shares Southland Corp. worth $300 million.

Tompkins

San Francisco. Doug, 43, founded North Face outdoorsman equipment company 1965, sold for $50,000 four years later; now multimillion-dollar concern: "No regrets." With wife, Susie, 44, founded Esprit de Corp., au courant apparel company for women, 1971. Sole owners U.S. operations; partnerships abroad account for over half the business; pretax profits $50 million. Doug an avid mountain climber, kayaker. Won't consider selling company: "It's one of my favorite sports." Preppy Californians, joint owners under law; "one person," according to Doug. Combined net worth over $350 million. Two daughters.

Upjohn

Kalamazoo, Mich. Descendants of Drs. Henry and William Erastus Upjohn, innovative brothers from 5-doctor family. Farmboys who invented knot-tying device for baling hay; W.E. hit pay dirt with first dissolvable pill. Founded Upjohn Pill and Granule Co. 1886. Developed Phenolax, premier flavored laxative (mint) 1908. W.E. bought out brothers 1909 to halt family feuds. Pioneered oral digitalis tablet for heart patients (1919), later antibiotics. Aided war effort in 1940s with penicillin production, serums. Went public 1958. Today Upjohn Co. (Kaopectate, Motrin) run by husband of founder's granddaughter. Latest potential hit is Minoxidil baldness treatment, currently before FDA. James Gilmore *(which see)* related. More than 20 descendants control 25% of company worth over $650 million.

Weiler

NYC. Jack Weiler, 82, operated in New York while partner, cousin Ben Swig *(see Swig family)*, handled Boston, then San Francisco. Top lease broker for big retail chains 1940s, 1950s. Now Swig, Weiler & Arnow owns at least 5 million sq. ft. offices, mostly NYC and SF, also Houston. Swigs paid estimated $200 million for Weilers' half-interest in luxury Fairmont hotel chain 1982; partners still in nearly all else. Jack early, big Israel backer, built housing for Israeli immigrants; now spends most time on

Family Fortunes

philanthropies. Son Alan, 52, company attorney, very active in family operations. Also active: son-in-law Robert Arnow, 62, former chairman United Jewish Appeal (as was Jack). They share fortune worth some $480 million.

Weyerhaeuser

St. Paul, Seattle, et al. Frederick (1834-1914) emigrated from Germany at 18, found work at sawmill. Rescued from bankruptcy, used as foundation for an empire. Shrewd businessman, purchased 900,000 acres (1900) from RR magnate James J. Hill for $6 an acre. Soon controlled timberlands from Minnesota to the Atlantic. Angered Teddy Roosevelt with cut-and-run methods. Conservation-minded grandson John Philip opened land to hunters, fishermen, created parks and pioneered tree farms. Today Weyerhaeuser, Inc. "Best of the S.O.B.s" according to some environmentalists. Owns 46% of Mount St. Helens. Family still controls 10% Weyerhaeuser (great-grandson George CEO). Also over 40% Potlatch, 15% Comshare, banking and investment co. Family numbers 216 and growing: "Nametags are a permanent feature at family reunions." Worth at least $750 million.

Whittier

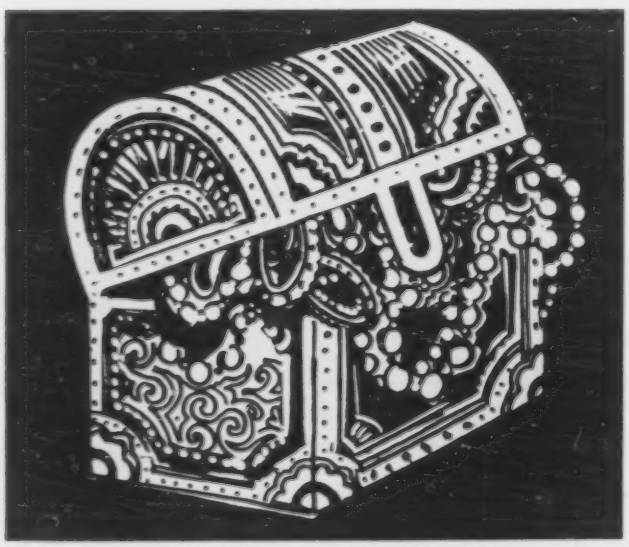
Southern California. Descendants of Mericos H. Whittier, cofounder Belridge Oil 1911; president until death 1925. Family sold company to Shell Oil 1979, largest takeover to that time; Mericos' 4 children, families received $475 million after taxes. Philanthropist Helen Whittier Woodward (d. 1984) donated eye institute to Scripps Foundation, Asia complex to San Diego Zoo. Surviving brother Paul, 82, board chairman M.H. Whittier Corp. (oil), "going strong." Families' net worth should exceed $650 million.

Wirtz

Chicago. Descendants of Arthur Wirtz, real estate baron and sports monopolist. Accumulated Chicago buildings starting 1920s, snapped up Depression-era bargains. Eschewed debt religiously. With grain speculator Jim Norris (d. 1966), owned sports teams and arenas, including Madison Square Garden; sponsored over 50 championship boxing matches; sports empire overthrown in 1957 antitrust suit. Died 1983. Son William Wirtz now head of family; ordered to pay $1.53 million damages to Norris' daughter in stock fraud case. Sued by Milwaukee businessman over ownership NBA Chicago Bulls. Arthur's 2 sons, 2 daughters share banks, major liquor distributors, part ownership Chicago (hockey) Black Hawks and Bulls, over 50 residential buildings, farm, stables, hotel, more. William denies extent of fortune, estimated at over $370 million.

Wolfe

Columbus, Ohio and Calif. Descendants of brothers Robert F. and Harry P., creators of 19th-century fortune built on Wear-U-Well shoes. Diversified into media: bought *Columbus Dispatch* 1905; eventually, TV and radio stations. Politically influential: "A bastion of Republicanism." Long considered one of Ohio's most powerful families. Also investment banking, real estate, *Ohio* magazine. Grandson Edgar was *Dispatch* publisher; died in 1975 plane crash. Founders' grandsons John W. and John F. (cousins) lead 14 family members; fortune worth at least $325 million. "We're not selling, so who would know?"



Dropouts

Fifty-three individuals leave The Forbes Four Hundred this year. Of these, 7 died, 9 suffered financial reverses, 7 had fortunes reallocated within families for various reasons, and 2 were removed after additional research. The remaining 28 simply had fortunes less substantial or less well substantiated than those who clearly exceeded this year's minimum of $180 million.

No longer among The Forbes Four Hundred

Stephen Alcorn

Died

Day, Willametta Keck. Reno, Nev. Estimated $160 million fortune 1985 (inheritance, Superior Oil Co.). Died fall 1985, age 69. Survived by 4 children. *(See brother Howard Brighton Keck, nephew William Myron Keck Jr.)*

Hearst, David Whitmire. Los Angeles. Estimated $150 million fortune 1985 (inheritance). Died of cancer May 12, 1986, age 70. Survived by wife, Hope, 2 children. *(See various Hearsts.)*

McLendon, Gordon Barton. Lake Dallas, Tex. Estimated fortune $200 million 1985. Entrepreneur. Died Sept. 14, 1986. Cancer. Survived by 4 children.

Moncrief, William Alvin Sr. Fort Worth, Tex. Estimated $200 million fortune 1985 (oil). Died May 21, 1986, age 90. He is survived by wife, Elizabeth, and by his son W.A. Jr. *(which see).*

Olnick, Robert. Palm Beach and NYC. Estimated $225 million fortune 1985 (real estate). Died July 4, 1986, age 74. Survived by wife, Sylvia; 3 siblings; 2 daughters and 3 grandchildren.

Pritzker, Abram Nicholas. Chicago. Estimated $500 million fortune 1985 (financier). Died Feb. 8, 1986,

Dropouts

age 90. Survived by 2 sons. *(See Jay Pritzker, Robert Pritzker.)*

Vollum, Howard. Beaverton, Ore. Estimated $190 million fortune (Tektronix, Inc.) 1985. Died Feb. 3, 1986, age 72. Survived by wife, Jean; 5 children.

Declined

Briscoe, Dolph Jr. Uvalde, Tex. 63. Estimated $200 million fortune (ranching) 1985. Fall in value of ranchland takes him out.

DeVos, Richard Marvin. Ada, Mich. 60. Estimated $200 million fortune reduced by continued fall in value of Amway Corp. *(see Van Andel).*

Frankino, Samuel Joseph. West Palm Beach, Fla. 62. Estimated $160 million fortune (Agency Rent-A-Car) 1985. Stock decline, rising cutoff take him off the list.

Jaeger, James Leroy. Cincinnati. 38. Estimated $175 million fortune (Cincinnati Microwave) 1985. Falling stock price removes him.

McLean, Malcom Purcell. NYC. 72. Estimated $360 million fortune (shipping, real estate) 1985. Stock decline was caused by shipping industry woes.

Moore, Gordon Earle. Santa Clara, Calif. 57. Estimated $220 million fortune (Intel Corp.) 1985. Computer chip recession hurt stock.

Murphy, Charles Haywood Jr. El Dorado, Ark. 66. Estimated $160 million 1985. Falling oil and gas prices cause him to fall short, but family worth in excess of $300 million. *(See Murphy family.)*

Price, Sol. La Jolla, Calif. 70. Estimated $200 million fortune in 1985. Falling stock prices for his members-only wholesale outlets (Price Co.) push Price out.

Ueltschi, Albert Lee. Greenwich, Conn. 69. Estimated $215 million fortune in 1985. Declining stock prices for his pilot training operation (FlightSafety International) have weakened standing.

Van Andel, Jay. Ada, Mich. 62. Estimated $200 million fortune reduced by continued fall in value of Amway Corp. *(see DeVos).*

Williams, Max. Dallas. 48. Estimated $175 million fortune (oil, real estate) 1985. Oil price decline takes him off the list.

Left behind

Adams, Kenneth Stanley Jr. Houston. 63. Estimated $160 million fortune (oil, ranching, football) 1985. "Bud" surpassed by Four Hundred members in less troubled industries.

Arnow, Robert H. NYC. 62. Estimated $150 million fortune (real estate) surpassed by The Four Hundred. With father-in-law Jack Weiler and brother-in-law Alan Weiler *(see below and family)*, fortune still worth $480 million.

Autry, Orvon Gene. West Los Angeles. 79. Estimated $150 million fortune 1985 (broadcasting, real estate). No visible growth in businesses.

Clark, A. James. Bethesda, Md. 59. Estimated $165 million fortune 1985 (construction). Contract revenues flat, but still worth over $165 million.

Cohen, Edward Baron. NYC. 66. Estimated $165 million fortune 1985 (real estate). *(See brother Sherman, below, and Cohen family.)* The brothers share in fortune that is still worth an estimated $350 million.

Cohen, Sherman. NYC. 63. Estimated $165 million fortune 1985 *(see brother Edward above).*

Copeland, Gerret van Swearingen. Wilmington, Del. Late 40s. Estimated $150 million 1985. Has one-fourth share of family fortune. Evidence lowers imputed share of family's holdings in du Pont fortune. With siblings, shares in $350 million. *(See Copeland family, mother, siblings.)*

Copeland, Lammot du Pont Jr. Wilmington, Del. 53. Still shares, with siblings, in family fortune of $350 million. *(See brother above, other siblings, mother, Copeland family.)*

Copeland, Pamela Cunningham. Greenville, Del. Late 70s. Shares in family fortune of $350 million. *(See children above.)*

Danner, Raymond L. Nashville. 61. Estimated $175 million fortune (Shoney's) 1985. His stock has held up, but not enough.

Dinner, Richard. San Francisco. 65. Estimated $150 million fortune 1985 (real estate) surpassed by rising net worth of The Forbes Four Hundred. With brothers-in-law Melvin and Richard Swig *(see below and Swig family)*, still jointly worth over $500 million.

Duemling, Louisa Copeland. Washington, D.C. 50. Has share in family fortune of over $350 million. *(See Copeland siblings above.)*

Du Pont, Edward Bradford. Wilmington, Del. 52. With 2 siblings *(see various du Ponts below, Henry du Pont family)*, Edward still shares in fortune estimated at over $400 million.

Du Pont, Joan Wheeler. Southport, Conn. 50. Still shares an estimated $400 million fortune along with other siblings. *(See E.B. du Pont, Margaret Smith, Henry du Pont family.)*

Durwood, Stanley Hugh. Kansas City, Mo. 66. Estimated $165 million fortune (movie theaters) 1985; his AMC Entertainment stock worth over $165 million.

Fetzer, John Earl. Kalamazoo, Mich. 85. Estimated $160 million fortune (broadcasting). High broadcast valuations keep Fetzer's net worth at more than $160 million.

Gilmore, James Stanley Jr. Kalamazoo, Mich. 60. Estimated $160 million fortune 1985 (inheritance, broadcasting). Growth in Upjohn stock, broadcast interests, but net worth below minimum.

Groves, Franklin Nelson. Wayzata, Minn. 55. Estimated $160 million fortune 1985 (construction). No growth in contract revenues for S.J. Groves & Sons.

Hardesty, Floyd Roger. Tulsa. 48. Estimated $180 million fortune 1985 (construction). New construction has slackened; Hardesty's, existing properties are in economically weaker areas, mostly Okla.

What's Wrong with Wealth Creation?

Nothing.

I'm so concerned today about the negative reaction to the creation and accumulation of wealth — the very cornerstone of the American free enterprise concept — that Lord Corporation is sponsoring a two-day symposium at the CEO level in early 1987 at the University of Southern California.

This unique idea exchange between academia and business will explore how wealth creation in a free society is a prerequisite for improving the standard of living of all people.

To emphasize our strong commitment to this concept, we will award the newly created Lord Medal to four unique Americans who epitomize a demonstrated leadership in understanding and advancing the application of science and technology to the wealth creation process.

Basically, the Lord Medal salutes innovation and its impact upon this process — something about which none of us as businessmen should ever feel the need to apologize.

Donald M. Alstadt
Chairman

LORD

Lord Corporation, Erie, PA

Dropouts

Pope, Generoso Paul Jr. Manalapan, Fla. 59. Estimated $150 million fortune 1985 (publishing). Net worth falls below cutoff, although *National Enquirer*, getting slight revamp, is gaining in ads.

Ross, Wilhelmina du Pont. Montchanin, Del. 79. Estimated $150 million fortune 1985 (inheritance). Du Pont family fortune for her branch realigned. *(See heirs of William K. du Pont.)*

Scripps, Edward Wyllis. Charlottesville, Va. 77. Estimated $160 million fortune 1985 (newspapers). His Scripps League Newspapers believed not to have kept pace with a rising minimum.

Smith, Margaret du Pont Lewis. Thornedge Farm, Paoli, Pa. 66. Realignment of extensive du Pont holdings; still shares in large family fortune. *(See siblings Edward du Pont, Joan du Pont, Henry du Pont family.)*

Swig, Melvin. San Francisco. 69. Estimated $150 million fortune (real estate) 1985. *(See brother-in-law Richard Dinner, above, brother Richard, below, and Swig family.)*

Swig, Richard. San Francisco. 61. Estimated $150 million fortune (real estate). Brother-in-law of Richard Dinner *(see above)*, brother of Melvin Swig *(above)*.

Von Platen, Ruth Chandler. San Marino, Calif., 89. Estimated fortune $165 million 1985. Another victim of the rising minimum.

Weiler, Alan. NYC. 52. Estimated $150 million fortune 1985 (real estate). *(See son-in-law Robert Arnow, above, father Jack, below, and Weiler family.)*

Weiler, Jack D. NYC. 82. Estimated $150 million real estate fortune 1985. Father-in-law of Robert Arnow *(see above)*, father of Alan Weiler *(above)*.

Zilkha, Ezra Khedouri. NYC. 61. Estimated $150 million fortune 1985 (investments). Uncertain of extent of additional assets.

Realigned

Bass, Perry Richardson. Fort Worth. 71. Estimated $600 million fortune (oil, investments) 1985. Recent evidence indicates that Perry retains stake only in oil operations worth about $100 million; sons *(which see)* own rest.

Crown, Henry. Chicago. 90. Estimated $550 million fortune 1985. Evidence suggests a less active role in running day-to-day businesses. *(See son Lester Crown.)*

Heinz, Henry John II. Pittsburgh. 78. Estimated $220 million fortune (H.J. Heinz Co.) 1985. Some shares to charitable trust. *(See also H.J. Heinz III.)*

Sharp, Bayard. 73. Realignment leaves Bayard, brother Hugh behind; share fortune estimated at $350 million. *(See brother Hugh, other du Ponts, Sharp family.)*

Sharp, Hugh Rodney. Wilmington, Del., and Gasparilla Island, Fla. 76. *(See brother Bayard, above, also other du Ponts, Sharp family.)*

Simpson, Abby Rockefeller. NYC. 29. Realignment of fortune leaves Abby, sister Laura Thorn with over $185 million between them. *(See sister Laura, also other Rockefellers.)*

Thorn, Laura Simpson. Bedford Hills, N.Y. 32. Revaluation of Rockefeller fortune takes Laura and sister off the 400; they still share over $185 million. *(See sister Abby Simpson above, other Rockefellers.)*

Removed

Alkek, Albert B. Victoria, Tex. 75. Estimated $275 million fortune (oil) 1985. Earlier estimates may have been overstated. Secrecy of holdings, oil price collapse make net worth estimate too uncertain.

Farley, William F. Chicago. 43. Estimated $250 million fortune 1985 (leveraged buyouts). Financial filings for Farley/Northwest indicate that heavy debt has burdened cash flow. Recently liquidating various assets.

Near Misses

Below, the individuals who just missed being included in this year's Forbes Four Hundred. They're quite a mix: famous LBO kings with huge debts and uncertain asset values, a mysterious Southerner of vast wealth we're still trying to count up, and a few who just plain fell short of $180 million. Stay tuned. Almost any one of them could be high on our list next year.

On deck

James Frank Harrison. Coca-Cola bottler. Chattanooga. 56. Separated, 3 children. Got start with Chattanooga Glass, small bottle-and-glass company, acquired by Dorsey Corp., rose to chairman. Bought into, now majority stockholder of nation's largest publicly held Coke bottler, Coca-Cola Consolidated of Charlotte, N.C. Reputedly ran Dorsey "like the absentee owner of a Coke franchise"; retired 1977. Now chairs Coca-Cola Consolidated. Son J. Frank III, 31, Consolidated v.p. Well-liked locally, but extremely private; threatened to resign Sigma Chi fraternity at U. of Tennessee at Chattanooga if elected president. With the father's control of family trusts, interests in JTL Corp., fortune certainly exceeds $175 million. If unconfirmed reports of huge additional investments true, could exceed that figure by many millions.

Paul Gardner Allen. Microsoft. Bellevue, Wash. 33. Single. Attended boys' prep school with longtime friend, partner William Gates *(which see)*. First joint venture: Traf-O-Data, microcomputer used to determine traffic patterns. "Unfortunately, the state was giving the same information away for free." More profitable Microsoft marketed Basic to large firms. Left Microsoft 1983, beat Hodgkin's disease with radiation therapy. Founded Asymetrix Corp. 1985, developing application software for businesses. "We're looking to have fun here, too." Jams weekly with band on jazz and rock guitar, avid sports fan. Microsoft went public 1986; Allen's share: over $175 million.

Arthur L. Williams Jr. Insurance. Monroe, Ga. 44. Married, 2 children. Former high school football coach, began selling insurance 1967 part-time to supplement income even though "in most people's minds, people who sell insurance are sort of low-life." Founded own agency 1977 on maxim: "Buy term, invest the difference," began cannibalizing whole-life industry. Formed (publicly held) A.L. Williams Corp. 1981 to reinsure (Williams-owned) agency's policies, sell mutual funds. Vast nationwide network agents sold over $65 billion face value 1985, more than Prudential. Wife Angela issues monthly newsletter to spouses of agency's salespeople; shifting from print to satellite TV. With profit already made by agency, stock in the corporation, net worth over $175 million.

Jack A. Benaroya. Real estate. Seattle. 65. Married; 2 sons, 1 daughter. For 30 years quietly built Seattle area's largest real estate empire: 8 million commercial sq. ft., about 90% industrial, including 5 business parks. Leased over 1 million sq. ft. to Boeing alone. "Jack's not a colorful developer, just meat-and-potatoes industrial." So dominant in his market brokers still speak today of "the Benaroya paranoia," though sold out 1984 to 2 pension funds and Trammell Crow Co. for $321 million. Benaroya: "It's time to begin winding down." Active in Jewish charities; intensely competitive; private. He denies it, but after debt, he and family worth over $175 million.

John Andreas Catsimatidis. Grocery stores, investments. NYC. 38. Married, childless. Came from Greece as infant; attended NYU as engineering student, turned around cousin's ailing grocery store; making $30,000 a year by graduation. Bought first grocery store 1970, renamed it Red Apple; now chain, including Gristede & Charles acquisition (1986), over $500 million in sales. Reports other investments: aviation companies, real estate, gas station/convenience stores. Active in community affairs. 81-year-old father still manages first store. John on diversification: "I get bored very easily." Worth estimated around $175 million.

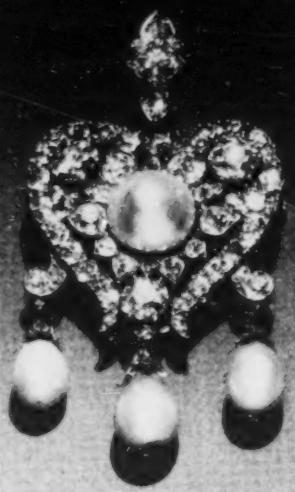
Susan Wexner. The Limited. NYC. Single. 41. Younger sister of Leslie Wexner *(which see)*, retailing wizard who built fortune by limiting his

A LA VIEILLE RUSSIE

ESTABLISHED 1851

781 FIFTH AVENUE
NEW YORK, N.Y. 10022
212-752-1727

Buy With Confidence



FABERGE, Jewelry, Russian Icons and Objets d'Art, Snuffboxes, and 18th century French Furniture and Decorations

merchandise to women's sportswear. Susan worked at stores sporadically through high school and put herself through Ohio State with earnings. Last position in marketing department, but currently no active role. Private person, occasional writer, dabbles in publishing, other nonretail interests. Why not retail? "We're a very tight-knit family, I could never do that." Recently gained control of her trust in court battle, some 6 million shares of The Limited, alone worth $160 million.

Alvin Copeland. Popeyes Famous Fried Chicken & Biscuits. New Orleans. 42. Divorced, remarried; 3 children by first marriage, 2 by second. Raised poor, high school dropout. Tried running doughnut franchise and wig shop before opening Chicken on the Run 1971. Cold reception forced spicier chicken; "Popeyes" moniker inspired by *French Connection* movie character. Sued by U.S. Labor Dept. for failure to pay minimum wage 1975. Popeyes now third-biggest U.S. chicken chain: some 600 stores, 85% franchised, with $400 million systemwide sales. Also launching Copeland's Cajun-American Cafes. Rides dirt bikes, races powerboats; another racer killed in accidental boat collision 1981. Long legal battle with neighbors over megawatt Christmas display (250,000 lights): "I love Christmas. I believe in it." His 95% of Popeyes worth over $160 million.

Nelson Doubleday Jr. Inheritance, publishing. Locust Valley, N.Y. 53. Divorced, remarried; 4 daughters by first wife, 2 stepchildren. Grandfather left Charles Scribner's Sons to found Doubleday & Co. 1897; father ran until died 1949. Nelson Jr. (Princeton thesis: paperback publishing) became president, chairman. Criticized: too little time with books, too much with company-owned N.Y. Mets: "They were an opiate." Company lately enjoying turnaround success with publishing triumphs (Bill Cosby's *Fatherhood*, et al.), bid for stadium-filling Mets team. Having blocked sister's drive to take company public for years, sold for $475 million. Nelson's interest in company, Mets (valued at up to $100 million), recently reported 35%; could net $160 million to $200 million after tax.

Frank D. Hickingbotham. Yogurt franchiser. Little Rock, Ark. 50. Married, 2 sons. Former high school principal, restaurateur, insurance salesman; swore he'd retire at 40. Instead opened first TCBY ("This Can't Be Yogurt") store 1981; sales $50,000 for first 2 months. Competitor forced name change 1985. "The Country's Best Yogurt" systemwide sales now over $80 million, 400 stores in 48 states. Analyst: "If it's in your neighborhood you don't care if they call it Standard Oil." Heavy trading 1986; Hickingbotham requested SEC investigation; case pending. His 49% TCBY, other assets, worth over $160 million.

Carl C. Icahn. Financier. Westchester County, N.Y. 50. Married. Cantor's son from Queens, studied philosophy at Princeton, medicine at NYU; quit because he was becoming a hypochondriac. Moved on to Wall Street 1961, started Icahn & Co. 1968 with $400,000 borrowed capital. Paradigmatic "greenmailer" causes fear and loathing among targeted managements: "I'm not Robin Hood." Profitable raids on Phillips Petroleum, Uniroyal, Viacom. Ambushed TWA: bought shares through obscure network of buyers; takeover could prove his Waterloo; stuck with ownership of chronically ailing airline. But with TWA recently trading near highs, could be worth $180 million. Private, philanthropic; includes friends, family in deals.

Ronald Owen Perelman. Leveraged buyouts. NYC. 43. Divorced, remarried; 4 children. Born North Carolina; on board of father's (private) metal fabricating firm while still in elementary school. After Wharton, in father's business until $2 million purchase of 40% Cohen-Hatfield 1978. Hit the big time in 1984 taking MacAndrews & Forbes private in $90 million LBO. Then LBO upon LBO: Pantry Pride for $1.1 billion, Revlon for $2.7 billion, both 1985. Capital usually courtesy of Mike Milken *(which see)* and his "junk bonds." MacAndrews & Forbes now has over $4 billion assets, plenty of debt. Net worth might exceed $180 million. Or, it might not. "I love what I do."

Acknowledgments

When someone is worth more than $180 million, it is likely there is someone else who knows it. We gratefully acknowledge here publications and other sources, nationwide, that have contributed to our research. In addition, our thanks to the many more—bankers, lawyers, former executives, financial advisers and the like—who insisted on anonymity. In some cases, their help was the most essential of all.

Advertising Age magazine, Chicago
Sharon Armbrust, media analyst, Paul Kagan & Associates, Carmel, Calif.
Fernand Audette, publisher, *Florida Horse*, Ocala, Fla.
Brux Austin, editor-in-chief, *Texas Business* magazine, Dallas
Neil Barsky, freelance writer, NYC
Paul A. Baumgarten, entertainment lawyer, Rosenman Colin Freund Lewis & Cohen, NYC
Dick Blackburn, media broker and consultant, Blackburn & Co., Washington, D.C.
Broadcasting Cable Yearbook, Washington, D.C.
R.W. Byram & Co., oil publications, Austin, Tex.
Bill Cate, president, Chapman Associates, media brokers, Atlanta
Peter Chronis, oil editor, *Denver Post*
Ivey Clayton, editor, *We the People* magazine, Raleigh, N.C.
A. Craig Copetas, author, *Metal Men: Marc Rich and the 10 Billion Dollar Scam*, Putnam
Bill Daniels, Daniels & Associates, cable-TV consultants, Denver
David Dodson, editor, *Business Report*, Baton Rouge, La.
Editor & Publisher Yearbook, NYC
Engineering News Record, NYC
Dan Enright, Barry & Enright, game show producers, Los Angeles
Loren Feldman, editor, *Philadelphia* magazine
Alex Finkelstein, real estate editor, *South Florida Business Journal*, Miami
Florida Trend magazine, St. Petersburg
The Foundation Directory, The Foundation Center, NYC
The Gallagher Report, NYC
Gateway Title Co., Burbank, Calif.
Mark Geistreiter, Coldwell Banker, San Francisco
Larry Gerbrand, media analyst, Paul Kagan Associates, Denver
Joe Goodman, managing editor, Winston-Salem *Journal*, Winston-Salem, N.C.
S.C. Gwynne, managing editor, *California Business* magazine, Los Angeles
Bob Hagan, editor, *New Mexico Business Journal*, Albuquerque
Nancy Gurnett Hardy, publisher, *Florida Citrus Reporter*, Winter Haven
Ted Hepburn, media broker and consultant, Cincinnati
Burton Hersh, author, *The Mellon Family: a Fortune in History*, William Morrow & Co.
Tom Hunneycutt, associate editor, *Arkansas Business*, Little Rock
Intermarket magazine, Chicago
Lee Isgur, entertainment analyst, PaineWebber, NYC
Kathy Jennings, reporter, Kalamazoo *Gazette*, Kalamazoo, Mich.
Charles Kadlec, media consultant, Frazier, Gross & Kadlec, Washington, D.C.
Leroy Keller, newspaper consultant, NYC
Pamela Kinsey, director of development, The Hull House, Chicago
Jim Kobak, magazine consultant, Darien, Conn.
Dick Krisler, media broker and consultant, Cincinnati
Paulie Lane, reporter, *Seattle Times*
Craig Linton Sr., Florida Ranch Lands
media industry newsletter, NYC
Moody's Industrial Manuals, 1929-86
John Morton, media analyst, Lynch, Jones & Ryan, Washington, D.C.
National Mall Monitor magazine, Clearwater, Fla.
David J. O'Leary, director of research, Fox-Pitt, Kelton, Inc.
Orlando Business Journal, Orlando, Fla.
Dr. Jack Porter, president, The Spencer Group, Newton Upper Falls, Mass.
Stephen Rassentoss, business writer, *Fort Worth Star Telegram*
Gerald Reilly, media consultant, Greenwich, Conn.
Mark Riely, media analyst, F. Eberstadt & Co., NYC
Robert Morris Associates, Philadelphia
Bill Roenigk, director of economic research, National Broiler Council, Washington, D.C.
Peter Rosenthal, senior v.p., Howard J. Rubenstein Associates, NYC
Dan Rottenberg, editor, *Welcomemat* magazine, Philadelphia
Don Schnabel, senior v.p., Julien J. Studley Inc.
Jeremy Shamos, media consultant and attorney, Denver
Sheshunoff & Co., bank publications, Austin, Tex.
W.K. Shumpes, ranch broker, Boerne, Tex.
Doug Smith, reporter, Wichita *Eagle-Beacon*, Wichita, Kans.
Muriel Smith, fundraiser, Chicago
Standard & Poor's Corp., NYC
Howard Stark, media broker and consultant, NYC
Jerry Steinman, Beer Marketers Insights, West Nyack, N.Y.
Studley Report & Spacedata newsletter, NYC
Brian Sullivan, editor, and Jon Diamond, *Philadelphia Business Journal*
George Taylor and David Loevner, Room 5600, NYC
Texas Monthly, Austin
Thoroughbred Record magazine, Lexington, Ky.
John Torinus, business editor, Milwaukee *Sentinel*
Value Line, NYC
Variety, NYC
Douglas J. Warner, Drexel Burnham Lambert, Chicago
Adam White, editor, *Billboard* magazine, NYC
Larry Williams, business editor, Philadelphia *Inquirer*
Paul Young, editor and publisher, *Albuquerque Living* magazine
Anthony J. Yudis, reporter, *Boston Globe*

Newspaper libraries

Albuquerque Journal
Albuquerque Tribune
Arizona Republic
Los Angeles Herald Examiner
New Orleans *Times-Picayune*
Phoenix Gazette
Richmond Times-Dispatch

Index To The Forbes Four Hundred

	Page	Residence	Age	Worth ($ mil)	Primary sources
A					
Adams, Kenneth Stanley Jr. ●	284	Houston	63	$150	Oil, ranching
Albertson, Joseph A.	190	Boise, Idaho	80	$250	Albertson's, Inc.
Alexander, Norman E. ★	217	Scarsdale, N.Y.	72	$200	Sun Chemical
Alkek, Albert B. ●	288	Victoria, Tex.	75	—	Oil
Allbritton, Joe Lewis	152	Houston	61	$500	Media, banking
Allen, Charles Jr.	200	NYC	83	$220*	Stock market, real estate
Allen, Herbert	200	NYC	78	$220*	Stock market, real estate
Allen, Herbert Anthony	200	NYC	46	$220*	Stock market, real estate
Allen, Paul Gardner ‡	294	Bellevue, Wash.	33	$175	Microsoft
Anderson, Robert Orville	220	Roswell, N.M.	69	$200	Oil, land
Annenberg, Walter Hubert	128	Wynnewood, Pa.; Calif.	78	$1,000	Publishing
Anschutz, Philip Frederick	128	Denver	46	$1,000	Oil, investments
Ansin, Edmund Newton	224	North Miami	50	$200	Broadcasting
Anthony, Barbara Cox	120	Honolulu	63	$1,100*	Inheritance (Cox Enterprises)
Arison, Ted	172	Miami Beach	62	$325	Cruise ships, banking
Arnow, Robert H. ●	284	NYC	62	$160*	Real estate
Autry, Orvon Gene ●	284	West Los Angeles	79	$160	Broadcasting, real estate
Avery, Alice O'Neill	164	West Los Angeles	69	$375*	Inheritance, real estate
B					
Bainum, Stewart Sr.	192	Silver Spring, Md.	67	$240	Manor Care
Bancroft family	251	NYC origin	—	$560	Inheritance (Dow Jones)
Bass, Edward Perry	138	Fort Worth	41	$800*	Oil, investments
Bass, Lee Marshall	138	Fort Worth	30	$800*	Oil, investments
Bass, Perry Richardson ●	288	Fort Worth	71	$100‡	Oil, investments
Bass, Robert Muse	138	Fort Worth	38	$800*	Oil, investments
Bass, Sid Richardson	138	Fort Worth	43	$800*	Oil, investments
Batten, Frank	220	Virginia Beach, Va.	59	$200	Publishing, broadcasting
Beal, Carlton	222	Midland, Tex.	70	$200	Oil
Bechtel, Stephen Davison Jr.	158	San Francisco	61	$400*	Engineering, construction
Bechtel, Stephen Davison Sr.	158	Oakland	86	$400*	Engineering, construction
Belfer, Arthur Bejer	152	NYC	79	$475	Oil, real estate
Belk family	251	Charlotte, N.C.	—	$350	Inheritance, retailing
Belz family	251	Memphis	—	$300	Real estate
Benaroya, Jack A. ‡	294	Seattle	65	$175	Real estate
Benenson, Charles Benjamin	214	NYC	73	$200	Real estate
Bennett, William Gordon	217	Las Vegas	61	$200	Circus Circus
Bernhard, Arnold	193	Westport, Conn.	84	$230	Value Line
Berrie, Russell	182	Englewood, N.J.	52	$290	Russ Berrie & Co.
Berry, Jack Monteith Sr.	198	Winter Haven, Fla.	69	$225	Citrus grower
Berry, John William	180	Dayton	63	$300‡	Yellow Pages
Bettingen, Burton Green	193	Beverly Hills and Newport Beach	70s	$235*	Inheritance
Binger, Virginia McKnight	228	Wayzata, Minn.	70	$190	Inheritance
Bingham family	251	Louisville	—	$375	Publishing
Blaustein, Morton K.	154	Baltimore	59	$450	Inheritance (oil)
Block family	251	Toledo; Pittsburgh	—	$325	Publishing
Bluhm, Neil Gary	176	Winnetka, Ill.	48	$300*	Real estate
Boesky, Ivan Frederick	212	Mt. Kisco, N.Y. and NYC	49	$200	Arbitrage
Borg, Malcolm Austin	188	Englewood and Springlake, N.J.	48	$250	Publishing, broadcasting
Bredin, Octavia Mary du Pont	196	Greenville, Del.	73	$225*	Inheritance (Du Pont)
Bren, Donald Leroy	144	Newport Beach; LA; NYC	54	$600	Real estate
Bright, Harvey Roberts (Bum)	146	Dallas	65	$550	Oil, real estate, banks, etc.
Briscoe, Dolph Jr. ●	284	Uvalde, Tex.	63	$160	Ranching
Bronfman, Edgar Miles	126	NYC	57	$1,000	Seagram
Brown family	251	Louisville	—	$560	Inheritance (Brown-Forman)
Brown, Harold ★	185	Boston	61	$250	Real estate
Brown, Jack E.	168	Midland, Tex.	60	$375*	Oil, investments
Buck family	251	California, et al.	—	$330	Inheritance (oil)
Buffett, Warren Edward	113	Omaha	56	$1,400	Stock market
Bullitt, Dorothy Stimson	182	Seattle	94	$300	Broadcasting
Busch, August Anheuser Jr.	138	St. Louis	87	$860	Anheuser-Busch
C					
Cabot family	251	Boston area	—	$350	Inheritance (Cabot)
Campbell family	252	Hawaii, et al	—	$400	Real estate
Cargill/MacMillan family	252	Minneapolis origin	—	$1,800	Inheritance (Cargill)
Cargill, James R.	173	Minneapolis	63	$315*	Inheritance (Cargill)

★ New entry. ☆Returnee. ● Dropout. *Assuming equal shares in common fortune. ‡Family fortune individually allocated. ‡Near miss.

	Page	Residence	Age	Worth ($ mil)	Primary sources
Cargill, Margaret	173	La Jolla, Calif.	66	$315*	Inheritance (Cargill)
Carlson, Curtis Leroy	147	Minneapolis	72	$550	Entrepreneur
Carpenter, Ben H.	193	Dallas	62	$230	Southland Financial
Carpenter, Robert Ruliph Jr.	192	Montchanin, Del.	71	$240*	Inheritance (Du Pont)
Carpenter, William Kemble	192	Boca Raton, Fla.	67	$240*	Inheritance (Du Pont)
Caruth, William Walter Jr.	146	Dallas	74	$600	Real estate, investments
Catsimatidis, John Andreas ‡	294	NYC	38	$175	Grocery stores
Chambers, Anne Cox	120	Atlanta	66	$1,100*	Inheritance (Cox Enterprises)
Chambers, Raymond George ★	228	Morristown, N.J.	44	$185	Leveraged buyouts
Chandler family	252	Los Angeles, et al.	—	$1,000	Inheritance (Times Mirror)
Chase, David Theodore ★	228	West Hartford, Conn.	57	$185	Real estate, media
Chaus family	252	New York	—	$300	Sportswear
Clark, A. James ●	284	Bethesda, Md.	59	$170	Construction
Clark, Richard Wagstaff ★	229	Malibu and NYC	56	$180	Rock'n'roll, TV
Cohen, Edward Baron ●	284	NYC; Southampton, N.Y.	66	$175*	Real estate
Cohen family	252	NYC area	—	$400	Real estate
Cohen, Sherman ●	284	NYC; Greenwich, Conn.	63	$175*	Real estate
Cohn, Seymour	170	NYC and Upper Brookville, N.Y.	75	$335*	Real estate
Colket, Tristam C. Jr.	188	Paoli, Pa.	48	$185	Inheritance (Campbell Soup)
Collier, Miles	188	Naples, Fla.	39	$250	Inheritance, investments
Connell, Grover	217	Westfield, N.J.	68	$200	Food
Conover, Catherine Mellon	201	Washington, D.C.	50	$200*	Inheritance
Cook, Jane Bancroft	146	Cohasset, Mass. and Sarasota, Fla.	74	$560	Inheritance (Dow Jones)
Cooke, Jack Kent	144	Middleburg, Va.	73	$600	Real estate, investments, sports
Cooke, Phoebe Hearst	158	Woodside, Calif.	59	$200*	Inheritance, media
Coors family	252	Golden, Colo., et al.	—	$600	Inheritance (Adolph Coors)
Copeland, Alvin ‡	295	New Orleans	42	$160	Popeyes Famous Fried Chicken
Copeland family	252	Delaware; Washington, D.C.	—	$350	Inheritance (Du Pont)
Copeland, Gerret van Swearingen ●	284	Wilmington, Del.	40s	$90*	Inheritance (Du Pont)
Copeland, Lammot du Pont Jr. ●	284	Wilmington, Del.	53	$90*	Inheritance (Du Pont)
Copeland, Pamela Cunningham ●	284	Greenville, Del.	70s	$90*	Inheritance (Du Pont)
Copley, Helen Kinney	152	La Jolla, Calif.	63	$450	Publishing
Cowles family (Gardner)	252	Des Moines; Minneapolis, et al.	—	$425	Inheritance, media
Cowles family (William)	256	Spokane	—	$300	Inheritance (media, real estate)
Cox, Edwin Lochridge	217	Dallas	64	$200	Oil
Cox, John Lee	216	Midland, Tex.	61	$200	Oil
Cox, William Coburn Jr.	182	London; Nantucket, Mass.	55	$280*	Inheritance (Dow Jones)
Crain, Gertrude Ramsay	222	Lake Forest, Ill.	69	$200	Publishing
Crow, Trammell	144	Dallas	72	$600	Real estate
Crown, Henry ●	288	Chicago	90	—	Industrialist
Crown, Lester	116	Chicago	61	$1,300	Inheritance, industrialist
Cullen family	256	Houston	—	$1,000	Inheritance, oil
Culverhouse, Hugh Franklin ★	200	Tampa	67	$210	Real estate, banking
Currier, Lavinia M. ★	208	The Plains, Va.	29	$200*	Inheritance
Currier, Michael S. ★	208	NYC	25	$200*	Inheritance
D					
Danner, Raymond L. ●	284	Nashville	61	$175	Shoney's
Darden, Constance Simons du Pont	196	Norfolk, Va.	82	$225*	Inheritance (Du Pont)
Davidowitz, Joseph Morton	198	Lawrence, N.Y.	57	$225	Stock market
Davidson, William Morse	193	Bloomfield Hills, Mich.	64	$240	Guardian Industries
Davis family	256	Jacksonville, Fla., et al.	—	$300	Winn-Dixie
Davis, James Elsworth ☆	220	Jacksonville, Fla.	79	$200	Winn-Dixie
Davis, Leonard	208	Palm Beach and NYC	62	$200	Insurance
Davis, Marvin	126	Denver and Beverly Hills	61	$1,000	Oil, entertainment
Davis, Shelby Cullom ★	172	Tarrytown, N.Y.	77	$325	Investment banking
Day, Willametta Keck ●	283	Reno, Nev.	dec.	—	Inheritance (Superior Oil)
Dayton, Alida Rockefeller	224	Minneapolis	37	$190*	Inheritance
Dayton family	256	Minneapolis	—	$875	Inheritance (Dayton-Hudson)
DeBartolo, Edward John	137	Youngstown, Ohio	68	$900	Shopping centers
Dedman, Robert H.	182	Dallas	60	$280	Country clubs
de Menil, Dominique	210	Houston	78	$200	Inheritance, art
de Young family	256	San Francisco, et al.	—	$450	Inheritance, publishing
Dempsey, John Cornelius	182	Delaware, Ohio	72	$300	Bulk containers
DeVos, Richard Marvin ●	284	Ada, Mich.	60	$175*	Amway
Dillon, Clarence Douglas	231	Far Hills, N.J.	77	$180	Investments
Dikeou family	256	Denver and Orlando, Fla.	—	$425	Real estate
DiLorenzo family	256	NYC	—	$500	Inheritance, real estate

★ New entry. ☆Returnee. ● Dropout. *Assuming equal shares in common fortune. †Family fortune individually allocated. ‡Near miss.

	Page	Residence	Age	Worth ($ mil)	Primary sources
Dinner, Richard ●	284	San Francisco	65	$160*	Real estate
Disney family	257	Los Angeles area	—	$340	Walt Disney Productions
Disney, Roy Edward	162	Los Angeles	56	$400	Walt Disney Productions, broadcasting
Dittmer, Thomas H. ★	228	Lake Forest, Ill.	44	$185	Commodities
Dixon, Fitz Eugene Jr.	169	Lafayette Hill, Pa.	63	$350	Inheritance
Dixon, Suzanne Searle	185	Lake Forest, Ill.	55	$260*	Inheritance (G.D. Searle)
Dolan, Charles Francis ★	173	Oyster Bay, N.Y.	60	$310	Cable television
Donaldson, Evelyn du Pont	204	Clark, Wyo.	60	$200*	Inheritance (Du Pont)
Donnelley family	257	Chicago origin	—	$900	Inheritance (printing)
Dorrance, John Thompson Jr.	137	Gladwyne, Pa.	67	$900†	Inheritance (Campbell Soup)
Doubleday, Nelson Jr. ‡	295	Locust Valley, N.Y.	53	$160	Inheritance, publishing, baseball
Draper, Irene Carpenter	192	Montchanin, Del.	75	$240*	Inheritance (Du Pont)
Dreiseszun, Sherman W.	216	Kansas City, Mo.	62	$200*	Shopping centers, banks
Duchossois, Richard Louis ★	178	Barrington, Ill.	65	$300	Manufacturing, media
Duda family	257	Oviedo, Fla.	—	$450	Agriculture
Duemling, Louisa Copeland ●	284	Washington, D.C.	50	$90*	Inheritance (Du Pont)
Duke, Doris	176	Somerville, N.J.; Newport, R.I.	73	$300	Inheritance (Tobacco)
du Pont, Alexis Felix Jr.	185	Wilmington, Del.	80	$260*	Inheritance (Du Pont)
du Pont, Edward Bradford ●	284	Wilmington, Del.	52	$135*	Inheritance (Du Pont)
du Pont family	257	Wilmington, Del., et al.	—	$10,000	Inheritance (Du Pont)
du Pont family (Henry)	257	Del., Pa., Conn.	—	$400	Inheritance (Du Pont)
du Pont family (William)	257	Delaware area	—	$300	Inheritance (Du Pont)
du Pont, Helena Allaire Crozer	185	Chesapeake City, Md.	73	$260*	Inheritance (Du Pont)
du Pont, Henry Eleuthère Irénée	204	Wilmington, Del.	58	$200*	Inheritance (Du Pont)
du Pont, Irénée Jr.	196	Montchanin, Del.	66	$225*	Inheritance (Du Pont)
du Pont, Joan Wheeler ●	284	Southport, Conn.	50	$135*	Inheritance (Du Pont)
du Pont, John Eleuthère	204	Newtown Square, Pa.	47	$200*	Inheritance (Du Pont)
du Pont, Pierre Samuel III	204	Rockland, Del.	75	$200*	Inheritance (Du Pont)
du Pont, Willis Harrington	204	Palm Beach, Fla.	50	$200*	Inheritance (Du Pont)
Durst, David	217	Chappaqua, N.Y.	61	$200*	Real estate
Durst, Roy	217	Scarsdale, N.Y.	67	$200*	Real estate
Durst, Seymour B.	217	NYC	73	$200*	Real estate
Durwood, Stanley Hugh ●	284	Kansas City, Mo.	66	$170	AMC Entertainment
Dyson, Charles Henry	148	NYC	77	$500†	Conglomerator
E					
Ellis, Alpheus Lee	200	Tarpon Springs, Fla.	80	$220	Banking, real estate
Engelhard, Jane B.	168	Far Hills, N.J.	68	$365	Inheritance
Eulich, John F. ★	214	Dallas	57	$200	Real estate
Evans, James Emmett	224	Dade City, Fla.	86	$200	Citrus
Evans, Thomas Mellon	174	NYC	76	$300	Investments
F					
Farley, William Francis ●	288	Chicago	43	$175	Leveraged buyouts
Faulkner, Mary Belin du Pont	204	Brookline, Mass.	79	$200*	Inheritance (Du Pont)
Ferry, Sandra (Rockefeller)	224	Cambridge, Mass.	51	$190*	Inheritance
Fetzer, John Earl ●	284	Kalamazoo, Mich.	85	$170	Broadcasting
Fickling, William Arthur Jr.	200	Macon, Ga.	54	$220	Charter Medical
Field, Frederick Woodruff	164	Los Angeles	33	$260	Inheritance, real estate, media
Field, Marshall V	164	Chicago	45	$375	Inheritance, real estate, media
Fireman, Paul ★	185	Newton, Mass.	42	$270	Reebok
Fisher, Donald George ★	170	San Francisco	58	$335†	The Gap
Fisher family (Lawrence)	257	Detroit area; Palm Beach	—	$300	Inheritance (Fisher Body)
Fisher family (Oliver)	258	Seattle area, et al.	—	$375	Investments
Fisher, Lawrence	172	NYC	77	$325*	Real estate
Fisher, Max Martin	198	Detroit; NYC; Palm Beach	78	$225	Oil
Fisher, Zachary	172	NYC	76	$325*	Real estate
Flint, Lucile Evelina du Pont	196	Greenville, Del.	71	$225*	Inheritance (Du Pont)
Forbes, Malcolm Stevenson	152	Far Hills, N.J.	67	(p. 152)	Publishing
Ford, Henry II	168	Palm Beach	69	$250	Inheritance (Ford Motor)
Ford, Josephine Clay	168	Grosse Pointe, Mich.	63	$205	Inheritance (Ford Motor)
Ford, William Clay	168	Grosse Pointe Shores, Mich.	61	$360	Inheritance (Ford Motor)
Frankino, Samuel Joseph ●	284	West Palm Beach, Fla.	62	$125	Agency Rent-A-Car
Fribourg, Michel	138	NYC	73	$800†	Grain trader
Furst, Austin Owen Jr. ★	229	New Canaan, Conn.	43	$185	Vestron
G					
Galbreath, Daniel Mauck ☆	208	Columbus, Ohio	58	$200*	Real estate

★New entry ☆Returnee ●Dropout *Assuming equal shares in common fortune †Family fortune individually allocated ‡Near miss

	Page	Residence	Age	Worth ($ mil)	Primary sources
Galbreath family ●	—	Columbus, Ohio	—	$400	Real estate
Galbreath, John Wilmer ☆	208	Columbus, Ohio	89	$200*	Real estate
Galesi, Francesco	198	NYC	55	$225	Real estate
Gallo, Ernest	168	Modesto, Calif.	77	$350*	Wine
Gallo, Julio	168	Modesto, Calif.	76	$350*	Wine
Galvin, Robert William	169	Barrington Hills, Ill.	64	$350	Motorola
Garvey family	258	Wichita, Kans., et al.	—	$300	Inheritance
Gates, Charles Cassius	201	Denver	65	$210	Gates Corp.
Gates, William Henry III★	173	Seattle	30	$315	Microsoft
Gaylord, Edward Lewis	139	Oklahoma City	67	$700†	Broadcasting, publishing
Getty, Eugene (Jean) Paul	200	London	53	$210	Inheritance (oil)
Getty, Gordon Peter	116	San Francisco	52	$1,200†	Inheritance (oil)
Gilmore, James Stanley Jr. ●	284	Kalamazoo, Mich.	60	$170	Inheritance, broadcasting
Goldman, Alfred Dreyfus	212	Honolulu and Oklahoma City	48	$200*	Inheritance, real estate
Goldman, Monte Henry	212	Honolulu and Oklahoma City	51	$200*	Inheritance, real estate
Goldman, Sol	139	NYC	69	$750	Real estate
Goodson, Mark ★	174	NYC	71	$300	Game shows
Gordy, Berry ★	231	Los Angeles	56	$180	Motown Record
Gottwald family	258	Richmond, Va., et al.	—	$475	Inheritance (Ethyl Corp.)
Graham, Katharine	154	Washington, D.C.	69	$410	Washington Post
Green, Dorothy	193	Beverly Hills	70s	$235*	Inheritance
Green, Pincus	148	Zug, Switzerland	52	$500*	Commodities trader
Greenberg, Maurice Raymond	200	NYC	61	$220	American International Group
Greenewalt, Margaretta Lammot du Pont	196	Greenville, Del.	84	$225*	Inheritance (Du Pont)
Griffin, Ben Hill Jr.	190	Avon Park, Fla.	75	$250	Citrus grower
Griffin, Mervyn Edward ★	193	Beverly Hills	61	$235	Television
Groves, Franklin Nelson ●	284	Wayzata, Minn.	55	$160	Construction
Guccione, Robert Charles	198	NYC	54	$225	Publishing
Gund family	259	Cleveland origin	—	$850	Inheritance
H					
Hahn, Ernest Walter	174	Rancho Santa Fe, Calif.	67	$300	Shopping centers
Haas family	259	San Francisco	—	$900	Inheritance (Levi Strauss)
Hall, Donald Joyce	152	Mission Hills, Kans.	58	$450	Hallmark Cards
Hall, Evelyn Annenberg	208	Palm Beach	74	$200	Inheritance (publishing)
Hamilton, Dorrance Hill	188	Stratford, Pa.	58	$250	Inheritance (Campbell Soup)
Hammer, Armand	232	LA; NYC; Moscow	88	$180	Entrepreneur
Harbert, John Murdoch III	144	Birmingham, Ala.	64	$600	Construction, investments
Hardesty, Floyd Roger ●	284	Tulsa	48	$175	Construction, real estate
Harrison, James Frank ‡	294	Chattanooga	56	$175	Coca-Cola bottler
Haupt, Enid Annenberg	208	NYC	80	$200	Inheritance (publishing)
Hazen, Lita Annenberg	208	NYC, LA	76	$200	Inheritance (publishing)
Hearst, David Whitmire Hearst ●	283	Los Angeles	dec.	—	Inheritance (publishing)
Hearst family (John Randolph)	260	California; NYC area, et al.	—	$400	Inheritance, media
Hearst, George Randolph Jr.	158	Los Angeles	59	$200	Inheritance, media
Hearst, Hope Chandler ★	158	Beverly Hills	65	$400	Inheritance, media
Hearst, Randolph Apperson	158	Hillsboro and Paso Robles, Calif.	70	$400	Inheritance, media
Hearst, William Randolph Jr.	158	NYC	78	$400	Inheritance, media
Heinz, Henry John II ●	288	Pittsburgh	78	$150	H.J. Heinz
Heinz, Henry John III	178	Washington, D.C.	47	$300	H.J. Heinz
Helmsley, Harry Brakmann	122	NYC	77	$1,100	Real estate
Hendrix, Helen Hunt	206	NYC	37	$200*	Inheritance, oil, real estate
Hess, Leon	182	NYC and Deal, N.J.	71	$280	Amerada Hess
Hewlett, William Redington	128	Portola Valley, Calif.	73	$1,000	Hewlett-Packard
Hickingbotham, Frank D. ‡	295	Little Rock, Ark.	50	$160	Yogurt
Hill, Margaret Hunt	128	Dallas	71	$1,000†	Inheritance, oil
Hillenbrand family	260	Batesville, Ind., et al.	—	$450	Inheritance (Hillenbrand Industries)
Hillman, Henry Lea	120	Pittsburgh	67	$1,100*	Industrialist
Hines, Gerald Douglas	217	Houston	61	$200	Real estate
Hobby, Oveta Culp	160	Houston	81	$400	Media
Hoiles family	260	Santa Ana and Marysville, Calif.	—	$475	Inheritance (publishing)
Hooker, Jeanette Annenberg	208	NYC, Palm Beach	81	$200	Inheritance (publishing)
Horvitz family	260	Cleveland area; Hollywood, Fla.	—	$400	Inheritance, media, real estate
Houghton family	260	Corning, N.Y.	—	$325	Inheritance (Corning Glass)
Howard, Robert Staples	190	Rancho Santa Fe, Calif.	61	$250	Publishing
Hubbard, Stanley Stub	216	St. Mary's Point, Minn.	53	$200	Broadcasting
Huffington, Roy Michael	192	Houston	68	$250	Oil
Hulman, Mary Fendrich	229	Terre Haute, Ind.	81	$180	Inheritance

★New entry. ☆Returnee. ●Dropout. *Assuming equal shares in common fortune. †Family fortune individually allocated. ‡Near miss.

Index To The Forbes Four Hundred

	Page	Residence	Age	Worth ($ mil)	Primary sources
Hunt, Lamar	192	Dallas	54	$250†	Inheritance, oil, sports
Hunt, Nelson Bunker	162	Dallas	60	$400†	Inheritance, oil, real estate
Hunt, Ray Lee	206	Dallas	43	$200*	Inheritance, oil, real estate
Hunt, Ruth June	206	Dallas	42	$200*	Inheritance, oil, real estate
Hunt, Ruth Ray	206	Dallas	69	$200*	Inheritance, oil, real estate
Hunt, Swanee	206	Denver	36	$200*	Inheritance, oil, real estate
Hunt, William Herbert	169	Dallas	57	$350†	Inheritance, oil, real estate
I					
Icahn, Carl C. ‡	295	Westchester County, N.Y.	50	$175	Financier
J					
Jacobs, Irwin Lawrence ★	229	Minneapolis	45	$180	Arbitrage, investments
Jaeger, James Leroy ●	284	Cincinnati	38	$120	Cincinnati Microwave
Jobs, Steven Paul ☆	228	Woodside, Calif.	31	$185	Computers
Johnson, Barbara Piasecka ★	170	Princeton, N.J.	49	$335	Inheritance
Johnson, Belton Kleberg	228	San Antonio, Tex.	56	$190	Inheritance, ranching
Johnson, Edward Crosby III	169	Boston	56	$350†	Investment management
Johnson family	260	NYC; Fla., et al.	—	$500	Inheritance (Johnson & Johnson)
Johnson, John Harold	229	Chicago and Palm Springs	68	$185	Publishing
Johnson, Samuel Curtis	144	Racine, Wis.	58	$600	Johnson Wax
K					
Kalikow, Peter Stephen	154	NYC	43	$425	Real estate
Kalmanovitz, Paul	188	Tiburon, Calif.	80	$250	Beer, real estate
Kaskel, Howard	184	NYC	49	$275	Inheritance, real estate
Kauffman, Ewing Marion	172	Kansas City, Mo.	70	$325	Marion Laboratories
Keck, Howard Brighton	184	Los Angeles	73	$275	Inheritance (Superior Oil)
Keck, William Myron II	184	Los Angeles	44	$190	Inheritance (Superior Oil)
Keinath, Pauline MacMillan	201	Unknown	51	$205*	Inheritance (Cargill)
Kelley family	262	Honolulu	—	$330	Real estate
Kelly, William Russell	164	Troy, Mich.	80	$380	Kelly Services

★ New entry. ☆Returnee. ● Dropout. *Assuming equal shares in common fortune. †Family fortune individually allocated. ‡Near miss.

How to save a drowning man

Index To The Forbes Four Hundred

	Page	Residence	Age	Worth ($ mil)	Primary sources
Kennedy family	262	Boston origin	—	$600	Inheritance
Kerkorian, Kirk	144	Los Angeles and Las Vegas	69	$600	Investments
Kleberg family	262	King Ranch, Tex.	—	$750	Inheritance (King Ranch)
Kluge, John Werner	112	Charlottesville, Va.	72	$2,500	Metromedia
Knight, James Landon	164	Miami	77	$385	Knight-Ridder
Knight, Philip Hampson	220	Hillsboro, Ore.	48	$200	Nike
Koch, Charles de Ganahl	144	Wichita, Kans.	50	$600*	Inheritance, oil services
Koch, David Hamilton	144	NYC	46	$600*	Inheritance, oil services
Koch, Frederick Robinson	152	NYC	53	$350	Inheritance (oil services)
Koch, William Ingraham	152	Boston	46	$500	Inheritance (oil services)
Kohlberg, Jerome Jr. ★	232	Westchester County, N.Y.	61	$180	Leveraged buyouts
Kozmetsky, George	212	Austin, Tex.	68	$200	Teledyne
Kravis, Henry R. ★	232	NYC	42	$180	Leveraged buyouts
Krehbiel, John Hammond Sr.	193	Downers Grove, Ill.	80	$235	Molex
Kroc, Joan Beverly	142	La Jolla, Calif.	58	$640	Inheritance
L					
Laird family	262	Delaware area	—	$350	Inheritance (Du Pont)
Landegger family	262	NYC; London, et al.	—	$300	Industrialists
Lauder, Estée	172	NYC and the Hamptons	(p. 23)	$333*	Cosmetics
Lauder, Leonard Alan	172	NYC and the Hamptons	52	$333*	Cosmetics
Lauder, Ronald Steven	172	NYC and the Hamptons	42	$333*	Cosmetics
Lauren, Ralph ★	174	NYC	47	$300	Apparel
Lawrence family	262	NYC area	—	$335*	Inheritance (real estate)
Lawrence, M. Larry	231	San Diego, et al.	60	$180	Real estate
Lear, Norman Milton	196	Los Angeles	64	$225	Television
LeFrak, Samuel Jayson	137	NYC	68	$950	Real estate
Levine, Leon	185	Charlotte, N.C.	49	$260	Family Dollar Stores
Lilly family	262	Indianapolis, et al.	—	$930	Inheritance (Eli Lilly)
Lindner, Carl Henry II	148	Cincinnati	67	$500	Insurance, banking
Litwin, Leonard	220	NYC	60s	$200	Real estate

★ New entry. ☆Returnee. ● Dropout. *Assuming equal shares in common fortune. †Family fortune individually allocated. ‡Near miss.

in a 35-knot crosswind

Rescue work at sea is seldom done in fine weather and calm seas. That's why the United States Coast Guard demands stringent requirements for their helicopters, including stability in flight – even in strong crosswinds – and **protection** against potential **tail-rotor accident** hazards.
To meet the Coast Guard's challenge Aerospatiale used its innovative "**fenestron**" technology. Advanced technology first introduced in the Gazelle in 1966, technology which has consistently proven performance, stability, safety and reliability.

This proven technology has caught the interest of the U.S. Army. The "**fenestron**" has been requested in the specifications for the Army's next generation helicopter... the **LHX**.
As we see it, advanced technology is synonymous with increased operational safety and reliability. This means adapting leading-edge technology to satisfy our customer's needs, which is one reason why the U.S.C.G. as well as fire departments, police units, hospitals, armed forces, and VIPs the world over place their trust in Aerospatiale... **the world's leading helicopter exporter.**

that's special. that's aerospatiale.

aerospatiale

	Page	Residence	Age	Worth ($ mil)	Primary sources
Louis, John Jeffry Jr.	162	Winnetka, Ill.	61	$400	Inheritance
Ludwig, Daniel Keith	148	NYC	89	$500	Shipping, real estate
Lunger, Mary Jane du Pont	212	Wilmington, Del. and NYC	72	$200	Inheritance, investments
Lupton, John Thomas	138	Chattanooga, Tenn.	60	$785	Coca-Cola bottler
Lurie, Robert ★	204	Chicago	44	$200*	Investments, real estate
Lurie, Robert Alfred	174	San Francisco	57	$300	Inheritance, real estate
Lykes family	262	Florida origin	—	$1,000	Inheritance, shipping, real estate
M					
MacElree, Jane Cox	182	Newtown Square, Pa.	57	$280*	Inheritance (Dow Jones)
Mack family	264	NYC and Great Neck, N.Y.	—	$300	Real estate
MacMillan, Cargill Jr.	201	Minneapolis	59	$205*	Inheritance (Cargill)
MacMillan, John Hugh	201	Fort Lauderdale, Fla.	58	$205*	Inheritance (Cargill)
MacMillan, W. Duncan	201	Wayzata, Minn.	56	$205*	Inheritance (Cargill)
MacMillan, Whitney	201	Minneapolis	57	$205*	Inheritance (Cargill)
Magness, Bob John	173	Denver, Colo.	62	$325	Cable TV
Malkin, Judd David	176	Winnetka, Ill.	48	$300*	Real estate
Mandel family	264	Shaker Heights, Ohio, et al.	—	$475	Premier Industrial
Marriott, Alice Sheets ★	192	Washington, D.C.	79	$240*	Inheritance (Marriott)
Marriott family ●	—	Washington, D.C.	—	$720	Marriott
Marriott, John Willard Jr. ★	192	Washington, D.C.	54	$240*	Inheritance (Marriott)
Marriott, Richard Edwin ★	192	Washington, D.C.	47	$240*	Inheritance (Marriott)
Mars, Forrest Edward Jr.	116	McLean, Va.	55	$1,333*	Candy
Mars, Forrest Edward Sr.	116	Las Vegas	80s	$1,333*	Candy
Mars, John Franklyn	116	Arlington, Va.	51	$1,333*	Candy
Marshall, Barbara Hall ★	152	Kansas City, Mo.	63	$225	Hallmark Cards
Marx, Leonard Maximilian	180	Scarsdale, N.Y.	82	$300	Real estate
May, Cordelia Scaife	160	Ligonier, Pa.	58	$400	Inheritance
May, Irene Sophie du Pont	196	Wilmington, Del.	85	$225*	Inheritance (Du Pont)
McClatchy family	264	Sacramento, Calif., et al.	—	$400	Inheritance (publishing)
McDonnell family	264	St. Louis	—	$300	Inheritance (McDonnell Douglas)
McGovern, Patrick Joseph	173	Nashua, N.H.	49	$325	Publishing
McGraw family	264	NYC and elsewhere	—	$550	Inheritance (McGraw-Hill)
McLean, Malcom Purcell ●	284	NYC	72	$150	Shipping, real estate
McLendon, Gordon Barton ●	283	Lake Dallas, Tex.	dec.	—	Entrepreneur
Mead family	264	Wisconsin Rapids	—	$460	Inheritance (Consolidated Papers)
Mellon, Paul	139	Upperville, Va.	79	$775	Inheritance
Mellon, Richard Prosser	224	Ligonier, Pa.	47	$195*	Inheritance
Mellon, Seward Prosser	224	Ligonier, Pa.	44	$195*	Inheritance
Mellon, Timothy	201	Manchester, N.H. area	44	$200*	Inheritance
Mendik, Bernard H.	198	NYC	57	$225	Real estate
Meyer, August Christopher	222	Champaign, Ill.	85	$200	Broadcasting
Milken, Michael R. ★	148	Encino, Calif.	40	$500	Financier
Millard, William H.	216	San Vincente, Saipan	54	$200	ComputerLand
Millbury, Cassandra Mellon	224	Ligonier, Pa.	46	$195*	Inheritance
Milliken, Minot King	142	NYC	70	$210	Textiles, investments
Milliken, Roger	142	Spartanburg, S.C.	70	$650	Textiles, investments
Milliken, Gerrish Hill	142	Greenwich, Conn. and NYC	69	$425	Textiles, investments
Mills, Alice Francis du Pont	185	Middleburg, Va.	73	$260*	Inheritance (Du Pont)
Milstein, Monroe Gary ★	228	Burlington, N.J.	60	$185	Burlington Coat Factory
Milstein, Paul	204	NYC and Scarsdale, N.Y.	63	$200*	Real estate
Milstein, Seymour	204	NYC and Scarsdale, N.Y.	66	$200*	Real estate
Mitchell, George Phydias	180	Houston	67	$300	Oil, real estate
Monaghan, Thomas S.	190	Ann Arbor, Mich.	49	$250	Pizza
Moncrief, William Alvin Jr.	178	Fort Worth	66	$300	Oil
Moncrief, William Alvin Sr. ●	283	Fort Worth	dec.	—	Oil
Mondry family	264	Dearborn, Mich.	—	$300	Highland Superstores
Moody, Robert L.	146	Galveston, Tex.	51	$570†	American National Insurance
Moore, Gordon Earle ●	284	Santa Clara, Calif.	57	$175	Intel
Moore, Jerry J. ★	150	Houston	58	$500	Shopping centers
Morgan, Frank Sherman	216	Kansas City, Mo.	59	$200*	Shopping centers, banks
Morris, William Shivers III	220	Augusta, Ga.	52	$200	Newspapers
Mott family	268	Flint, Mich., et al.	—	$300	Inheritance (manufacturing)
Murdoch, Keith Rupert	139	Australia; London; NYC	55	$725	The News Corp.
Murdock, David Howard	142	Bel Air, Calif.	63	$650	Investments
Murphy, Charles Haywood Jr. ●	284	El Dorado, Ark.	66	$125	Oil and gas
Murphy family	268	El Dorado, Ark.	—	$325	Murphy Oil
Muss, Stephen	220	Miami Beach	58	$200	Real estate

★ New entry ☆Returnee ● Dropout *Assuming equal shares in common fortune †Family fortune individually allocated ‡Near miss

Index To The Forbes Four Hundred

	Page	Residence	Age	Worth ($ mil)	Primary sources
N					
Naify family	268	San Francisco	—	$370	Movie theaters, cable TV
Newhouse, Donald Edward	122	NYC	57	$1,150*	Publishing
Newhouse, Samuel Irving Jr.	122	NYC	58	$1,150*	Publishing
Nichols, Mi''er	172	Prairie Village, Kans.	75	$325	Real estate
Nielsen, Arthur Charles Jr.	188	Winnetka, Ill.	67	$250†	A.C. Nielsen
Nordstrom family	268	Seattle	—	$400	Inheritance (Nordstrom)
Norris, Diana Strawbridge	188	Palm Beach	45	$220	Inheritance (Campbell Soup)
O					
Olsen, Kenneth Harry	184	Lincoln, Mass.	60	$275	Digital Equipment
O'Connor family	268	Victoria, Tex., et al.	—	$750	Inheritance (ranching, banking)
Olnick, Robert ●	283	Palm Beach and NYC	dec.	—	Real estate
O'Neill, Richard Jerome	164	San Juan Capistrano, Calif.	63	$375*	Inheritance, real estate
O'Neill, Abby Milton Rockefeller	228	Oyster Bay, N.Y.	58	$185	Inheritance
Ordway family	268	St. Paul origin	—	$400	Inheritance (3M)
P					
Packard, David	113	Los Altos Hills, Calif.	74	$2,000	Hewlett-Packard
Palevsky, Max	212	Beverly Hills	62	$200	Computers
Paley, William S.	173	NYC and Southampton, N.Y.	85	$320	CBS
Park, Roy Hampton	160	Ithaca, N.Y.	76	$400	Park Communications
Parker, Jack	180	NYC, Boca Raton, Fla.	71	$300	Real estate
Patterson, Andrea Currier ★	208	The Plains, Va.	30	$200*	Inheritance
Paulson, Allen Eugene	178	Savannah, Ga.	64	$300	Gulfstream Aerospace
Paulucci, Luigino Francesco	154	Duluth, Minn. and Sanford, Fla.	68	$450†	Food processing, real estate
Paxson, Lowell W. ★	168	Clearwater, Fla.	52	$375	Home Shopping Network
Pearson, Edith du Pont	204	Montchanin, Del.	73	$200*	Inheritance (Du Pont)
Pennington, Claude B.	160	Baton Rouge, La.	85	$400	Oil, gas
Pennington, William Norman	217	Reno, Nev.	63	$200	Circus Circus
Perdue, Franklin Parsons ★	206	Salisbury, Md.	66	$200	Chickens
Perelman, Ronald Owen ‡	295	NYC	43	$175	Leveraged buyouts
Perenchio, Andrew Jerrold	196	Los Angeles	55	$225	Television
Perot, Henry Ross	112	Dallas	56	$2,500	Electronic data management
Petersen, Robert Einar	193	Beverly Hills	60	$235	Publishing
Petrie, Milton	139	NYC and Southampton, N.Y.	84	$700	Petrie Stores
Pew family	268	Philadelphia origin	—	$325	Inheritance (Sun)
Phipps family	270	Pittsburgh origin	—	$1,800	Inheritance
Phipps, Howard Jr.	208	Westbury, N.Y.	52	$200*	Inheritance
Pictet, Marion MacMillan	201	Geneva, Switzerland	53	$205*	Inheritance (Cargill)
Pigott family	270	Seattle	—	$310	Inheritance (Paccar)
Pitcairn family	270	Bryn Athyn, Pa., et al.	—	$600	Inheritance
Pogue, Alfred Mack ★	178	Dallas	52	$300	Real estate
Pohlad, Carl R.	160	Minneapolis	71	$400	MEI Corp., banks, investments
Pope, Generoso Paul Jr. ●	288	Manalapan, Fla.	59	$170	Publishing
Price, Sol ●	284	La Jolla, Calif.	70	$175	Price Co.
Pritzker, Abram Nicholas ●	283	Chicago	dec.	—	Financier
Pritzker, Jay Arthur	120	Chicago	64	$1,150*	Financier
Pritzker, Robert Alan	120	Chicago	60	$1,150*	Financier
Pulitzer family	270	St. Louis, et al.	—	$450	Inheritance (publishing)
Pulliam family	270	Indianapolis, et al.	—	$400	Inheritance (newspapers)
R					
Rains, Lilore Green	193	Beverly Hills	70s	$235*	Inheritance
Redstone, Sumner Murray	154	Newton Centre, Mass.	63	$450	Movie theaters, investments
Reed family	270	Seattle, et al.	—	$300	Inheritance (timber)
Reid, Elizabeth Ann ★	152	Denton, Tex.	65	$225	Hallmark Cards
Resnick family	270	NYC area	—	$350	Real estate
Reynolds, Donald Worthington	150	Las Vegas	80	$500	Publishing
Rich, Marc	148	Zug, Switzerland	52	$500*	Commodities trader
Rich, Robert Sr.	164	Buffalo, N.Y.	73	$400†	Rich Products
Richardson family	270	Greensboro, N.C.; Conn., et al.	—	$575	Inheritance (pharmaceuticals)
Rinker, Marshall Edison (Doc)	173	Palm Beach	81	$325	Cement
Roberts, George R. ★	232	San Francisco	43	$180	Leveraged buyouts
Rockefeller, John Davison IV	224	Washington, D.C., et al.	49	$190*	Inheritance
Rockefeller, David	126	NYC and Tarrytown, N.Y.	71	$1,000	Inheritance, banking, real estate
Rockefeller family (Nelson)	274	NYC, et al.	—	$750	Inheritance
Rockefeller family (William)	274	Greenwich, Conn.; NYC, et al.	—	$350	Inheritance
(Rockefeller), Hope Aldrich	224	Woodstock, Vt.	48	$190*	Inheritance

● New entry ☆Returnee ●Dropout *Assuming equal shares in common fortune †Family fortune individually allocated ‡Near miss

IT'S NOT A RISK WHEN IT'S BEEN DONE OVER 1250 TIMES.

FANTASTIC SAMS, the original family haircutters, is the world's largest and fastest growing haircare franchise, according to ENTREPRENEUR, 1986. It's no accident — Fantastic Sam's has sold over 1250 stores — and we're still growing with new sales each day!

Inquire today about owning a Fantastic Sam's franchise.

- no accounts receivable
- relatively low inventory
- weekly fees of $131.00
- $45,000 minimum investment
- no royalties
- in business for yourself, but not by yourself.

We have a system that will work for you! (Don't take our word for it; call any of our 400 owners, who collectively own over 1250 stores, and ask them. Most were never in the hair business.)

In USA, call 1-800-621-5307, 8:30-5:00 CST
In Canada, call 604-530-3177 or 416-441-6330

This offering made by prospectus only.

Fantastic Sam's

The original family haircutters.

HUCKINS

Return of a Classic!

58ft. "LINWOOD" FAIRFORM FLYER... one of Huckins' most admired classic yachts, will now be available, custom built-to-order, in AIREX/fiberglass sandwich construction...keeping its high performance hull, beautiful lines and interior, but also adding the latest technology. Price expected to be in the million dollar area. If you are interested in possibly acquiring one, and would like to have advance plans and details, mail name, address, phone #, and a $10.00 check to Bill Estes, Huckins Yacht Corporation, Dept. HH P.O. Box 7069, Jacksonville, Florida 32210.

AMERICAN CANCER SOCIETY

Get a checkup. Life is worth it.

Index To The Forbes Four Hundred

	Page	Residence	Age
Rockefeller, Laurance Spelman	137	NYC and Tarrytown, N.Y.	76
Rockefeller, Winthrop Paul	139	Winrock Farm, Ark.	38
Rollins, Orville Wayne	142	Atlanta	74
Root, Chapman Shaw	212	Ormond Beach, Fla.	61
Rose family	274	NYC	—
Rosenberg, Ruth Blaustein	154	Baltimore	87
Rosenwald family	274	Philadelphia; NYC, et al.	—
Ross, Wilhelmina du Pont ●	288	Montchanin, Del.	79
Roush family ●	—	Akron, Ohio origin	—
Rudin, Jack	169	NYC	62
Rudin, Lewis	169	NYC	59
Rust, Eleanor Francis du Pont	196	Thomasville, Ga.	79
Ryan, Patrick George	200	Chicago	49
S			
Sackler, Arthur Mitchell	224	NYC	73
Scaife, Richard Mellon	150	Shadyside, Pa.	54
Scharbauer, Clarence Jr.	208	Midland, Tex.	61
Schnitzer family	274	Portland, Ore.; Palm Springs	—
Schoellkopf, Caroline Rose Hunt	138	Dallas	63
Scripps, Edward Wyllis ●	288	Charlottesville, Va.	77
Scripps family (E.W.)	274	Cincinnati origin	—
Scripps family (J.E.)	275	Detroit area; La Jolla, Calif., et al.	—
Scully family ●	—	Dwight and Buffalo, Ill., et al.	—
Searle, Daniel Crow	185	Winnetka, Ill.	60
Searle, William Louis	185	Lake Forest, Ill.	58
Shapiro family ●	—	Boston origin	—
Sharp, Bayard ●	288	Centreville, Del.; Florida	73
Sharp family	275	Wilmington, Del. area, et al.	—
Sharp, Hugh Rodney ●	288	Wilmington, Del. area, et al.	76
Sharp, Peter	185	NYC	56
Sheehan, Jean Ellen du Pont	204	Coral Gables, Fla.	63
Shoen, Leonard Samuel	180	Las Vegas	70
Shorenstein, Walter Herbert	172	San Francisco	71
Sidamon-Eristoff, Anne Phipps	208	NYC	54
Silliman, Mariana du Pont	196	Hagley and Montchanin, Del.	75
Silverstein, Larry Abraham	174	NYC	55
Simmons, Harold Clark	178	North Dallas; Montecito, Calif.	55
Simon, Esther Annenberg	208	NYC	84
Simon, Melvin	188	Indianapolis	59
Simon, Norton Winfred	214	Los Angeles area	79
Simon, William Edward ★	201	New Vernon, N.J.	58
Simplot, John Richard	216	Boise, Idaho	77
Simpson, Abby Rockefeller ●	288	NYC	29
Singleton, Henry Earl	147	Los Angeles	69
Skaggs, Leonard Samuel Jr.	173	Salt Lake City	63
Smart, Richard Palmer Kaleioku	198	Honolulu and Waimea, Hawaii	73
Smith, Athalie Irvine	222	Middleburg, Va.	53
Smith family	275	Chicago origin	—
Smith, Frederick Wallace	196	Memphis	42
Smith, Margaret du Pont Lewis ●	288	Paoli, Pa.	66
Smith, Marian Uldine Day	200	Atlanta	52
Smith, Richard Alan	185	Chestnut Hill, Mass.	62
Smith, Vivian Leatherberry	190	Houston	78
Snyder, Richard Wesley ★	182	Dallas	48
Solow, Sheldon Henry	192	NYC	50s
Sorenson, James LeVoy	168	Salt Lake City	65
Sowell, Anne Windfohr	212	Fort Worth, Tex.	47
Spanos, Alex Gus	210	Stockton, Calif.	63
Speer, Roy M. ★	168	Clearwater, Fla.	54
Spelling, Aaron ★	193	Holmby Hills, Calif.	63
Stahl, Stanley Irving	185	NYC	62
Steinberg, Saul Phillip ☆	142	NYC	47
Stephens, Jackson Thomas	154	Little Rock, Ark.	64
Stephens, Wilton Robert	154	Little Rock, Ark.	78
Stern, Leonard Norman	142	NYC	48
Strawbridge, George Jr.	188	West Chester, Pa.	47
Stroh family	276	Detroit	—

★ New entry. ☆Returnee. ● Dropout. *Assuming equal shares in common fortune.

Worth ($ mil)	Primary sources
$900	Inheritance, investments
$750	Inheritance
$675	Entrepreneur
$200	Coca-Cola bottler, broadcasting
$300	Real estate
$225†	Inheritance (oil)
$300	Inheritance (Sears)
$150	Inheritance (Du Pont)
$230	Inheritance (Roadway Express)
$350*	Real estate
$350*	Real estate
$225*	Inheritance (Du Pont)
$215	Insurance
$190	Business, art, publishing
$500	Inheritance
$200†	Inheritance
$300	Shipping, steel, real estate
$875‡	Inheritance, oil, real estate
$175	Publishing
$1,200	Inheritance (media)
$700	Inheritance (media)
$250	Inheritance (oil, land)
$260*	Inheritance (G.D. Searle)
$260*	Inheritance (G.D. Searle)
$250	Inheritance (Maryland Cup)
$175*	Inheritance (Du Pont)
$350	Inheritance (Du Pont)
$175*	Inheritance (Du Pont)
$250	Real estate, investments
$200*	Inheritance (Du Pont)
$300†	U-Haul
$325	Real estate
$200*	Inheritance
$225*	Inheritance (Du Pont)
$300	Real estate
$300	Investments
$200	Inheritance (publishing)
$250	Shopping centers
$200	Industrialist, art collector
$200	Leveraged buyouts
$200	Potatoes
$90	Inheritance
$550	Teledyne
$320	American Stores
$225	Inheritance, ranching
$200	Inheritance, lawsuits
$350	Inheritance (Illinois Tool Works)
$230	Federal Express
$135*	Inheritance (Du Pont)
$220	Inheritance, real estate
$275	General Cinema
$250	Inheritance
$300	Snyder General
$250	Real estate
$375	Medical devices
$200	Inheritance
$200	Real estate
$220	Home Shopping Network
$235	Television
$275	Real estate
$650	Financier
$400*	Investment banking, oil and gas, etc.
$400*	Investment banking, oil and gas, etc.
$650	Pet supplies, real estate
$185	Inheritance (Campbell Soup)
$300	Inheritance (beer)

†Family fortune individually allocated ‡Near miss

Carl Marks & Company, Inc.

Investment Bankers

Dealers in Domestic and Foreign Securities for Financial Institutions

Member New York Stock Exchange, Inc. and other Principal Exchanges

NASDAQ SYMBOL: MRKS • MEMBER S.I.P.C.

77 Water Street, New York, N.Y. 10005

O.T.C. Trading (212) 437-7100 • (800) 221-7420

Institutional Trading (212) 437-7675 • (800) 336-6682

Strategic Research International (212) 437-7033 • (800) 835-5576

Corporate Finance (212) 437-7080 • Real Estate (212) 437-7069

The Korea Fund, Inc.

Investment manager: Scudder, Stevens & Clark Ltd.

Korean adviser: Daewoo Research Institute

The Korea Fund is a diversified closed-end investment company whose shares are listed on the New York Stock Exchange. The Fund's total net assets were over $147 million as of September 17, 1986.

For a copy of the most recent annual report, please write:

The Korea Fund, Inc.
c/o Scudder, Stevens & Clark Ltd.; Dept. V.C.
345 Park Avenue
New York, NY 10154-0004

Index To The Forbes Four Hundred

	Page	Residence	Age	Worth ($ mil)	Primary sources
Stuart, Elbridge Hadley Jr.	216	Bellevue, Idaho	69	$200*	Inheritance (Carnation)
Stuart, Dwight Lyman	216	Beverly Hills	62	$200*	Inheritance (Carnation)
Sulzberger, Arthur Ochs ★	169	NYC	60	$340*	New York Times
Sulzberger family ●	—	NYC	—	$680	New York Times
Sulzberger, Iphigene Ochs ★	169	NYC	94	$340*	New York Times
Sutherland family	276	Kansas City, Mo.	—	$350	Sutherland Lumber
Swig family	276	San Francisco	—	$500	Real estate
Swig, Melvin ●	288	San Francisco	69	$165*	Real estate
Swig, Richard ●	288	San Francisco	61	$165*	Real estate
Syms, Sy	217	Lyndhurst, N.J.	60	$200	Syms
T					
Taper, Sydney Mark	180	Los Angeles	84	$300	First Charter Financial
Taubman, Alfred Alfred	138	Bloomfield Hills, Mich.	61	$800	Real estate, art
Tauber, Laszlo Nandor	164	Potomac, Md.	71	$375	Real estate
Temple family	276	Diboll, Tex., et al.	—	$725	Inheritance (timber, Time Inc.)
Thalheimer, Louis	154	Baltimore	42	$225†	Inheritance (oil)
Thompson family	276	Dallas	—	$300	Inheritance (Southland)
Thorn, Laura Simpson ●	288	Bedford Hills, N.Y.	32	$90*	Inheritance
Thorne, Oakleigh Blakeman	190	Millbrook, N.Y.	54	$250	Inheritance (Commerce Clearing House)
Tisch, Laurence Alan	137	NYC and Rye, N.Y.	63	$950*	Loews
Tisch, Preston Robert	137	NYC and Harrison, N.Y.	60	$950*	Loews
Tompkins family	276	San Francisco	—	$350	Esprit de Corp.
Trump, Donald John	142	NYC	40	$700	Real estate
Turner, Robert Edward (Ted) III	184	Roswell, Ga.	47	$280	Turner Broadcasting System
Tyson, Donald John ★	184	Springdale, Ark.	56	$275*	Tyson Foods
Tyson, Randal William ★	184	Fayetteville, Ark.	35	$275*	Tyson Foods
U					
Ueltschi, Albert Lee ●	284	Greenwich, Conn.	69	$180	FlightSafety International
Uihlein family ●	—	Milwaukee, et al.	—	$250	Inheritance (beer)
Upjohn family	276	Kalamazoo, Mich.	—	$650	Inheritance (Upjohn)
V					
Van Andel, Jay ●	284	Ada, Mich.	62	$175*	Amway
van Beuren, Hope Hill	188	Middletown, R.I.	52	$220	Inheritance (Campbell Soup)
Vollum, Howard ●	284	Beaverton, Ore.	dec.	—	Tektronix
von Platen, Ruth Chandler ●	288	San Marino, Calif.	89	$175	Inheritance (Times Mirror)
W					
Wagner, Cyril Jr.	168	Midland, Tex.	52	$375*	Oil, investments
Walton, James L. ★	201	Bentonville, Ark.	61	$210	Wal-Mart Stores
Walton, Sam Moore	112	Bentonville, Ark.	68	$4,500†	Wal-Mart Stores
Wang, An	148	Lincoln, Mass.	66	$550	Wang Laboratories
Ward, Louis Larrick	178	Kansas City, Mo.	66	$300	Russell Stover Candies
Wasserman, Lewis Robert	196	Beverly Hills and Palm Springs	73	$225	MCA
Weiler, Alan ●	288	NYC	52	$160	Real estate
Weiler family	276	NYC	—	$480	Real estate
Weiler, Jack D. ●	288	NYC	82	$160	Real estate
Weber, Charlotte Colket	188	Ocala, Fla. and NYC	45	$185	Inheritance (Campbell Soup)
Weinberg, Harry	139	Honolulu and Baltimore	78	$725	Real estate, securities
Weis, Robert Freeman	169	Sunbury, Pa.	67	$300	Weis Markets
Weis, Sigfried	169	Lewisburg, Pa.	70	$360	Weis Markets
Wexner, Bella ★	201	Columbus, Ohio; NYC	70s	$210	The Limited
Wexner, Leslie Herbert	113	Columbus, Ohio	49	$1,400	The Limited
Wexner, Susan ‡	294	NYC	41	$160	The Limited
Weyerhaeuser family	280	St. Paul, Seattle, et al.	—	$750	Inheritance (Weyerhaeuser)
Whitney, Betsey Cushing Roosevelt	180	Manhasset, N.Y.	78	$300	Inheritance
Whittier family	280	Southern California	—	$650	Inheritance (oil)
Wien, Lawrence Arthur	176	NYC	81	$300	Real estate, law
Williams, Arthur L. Jr. ‡	294	Monroe, Ga.	44	$175	Insurance
Williams, Max ●	284	Dallas	48	$125	Oil, real estate
Wirtz family	280	Chicago	—	$370	Inheritance (real estate, sports)
Wolfe family	280	Columbus, Ohio and Calif.	—	$325	Inheritance (media, banking)
Z					
Zell, Samuel ★	204	Chicago	44	$200*	Real estate, investments
Ziff, William Bernard	137	Manalapan, Fla.	56	$900	Publishing
Zilkha, Ezra Khedouri ●	288	NYC	61	$150	Investments
Zuckerman, Mortimer Benjamin	190	NYC, Washington, D.C.	49	$250	Real estate

★ New entry. ☆Returnee. ● Dropout. *Assuming equal shares in common fortune. †Family fortune individually allocated. ‡Near miss.